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CONTENTS

3 December 1992

COMMONWEALTH AFFAIRS

CIS Production Statistics, January-August 1992	[DELOVOY MIR 16 Oct]	1
--	----------------------	---

INTERSTATE AFFAIRS

Ukraine-Moldova Friendship, Cooperation Treaty	[URYADOVYY KURYER 30 Oct]	11
--	---------------------------	----

RUSSIA

POLITICAL AFFAIRS

Rutskoy on Congress, Other Current Issues	[LITERATURNAYA GAZETA No 49, 2 Dec]	14
Staff Officers Threaten Force Against Coup	[DEN No 47, 22-28 Nov]	18
Prokhanov 'Hopeful' After Meeting Grachev	[DEN No 47, 22-28 Nov]	19
DEN Chronicles 'Alarming' Military Events	[DEN No 47, 22-28 Nov]	19
Reasons for Disintegration of Russia Analyzed	[ROSSIYSKIY EKONOMICHESKIY ZHURNAL No 8, Aug and No 9, Sep]	20

ECONOMIC AND SOCIAL AFFAIRS

Foreign Economic Minister Aven Interviewed	[FEDERATSIYA No 49, Nov]	32
Yeltsin Signs Decree on Diamond Sales	[INTERFAX 20 Nov]	34
Roskomstat Publishes Military Conversion Data for November	[Russian Television Network 24 Nov]	34
Land Reform Chairman Komov Sees 'Irreversible' Change	[ZEMLYA I TRUD No 41, 9 Oct]	35
Conference on Aviation Cooperation Held	[VOZDUSHNYY TRANSPORT No 42, Oct]	37
Help for Aviation Fuel Crisis	[VOZDUSHNYY TRANSPORT No 42, Oct]	39
Aviation Associations Meet	[VOZDUSHNYY TRANSPORT No 43, Oct]	39
Thermoplane Highlighted	[VOZDUSHNYY TRANSPORT No 44, Nov]	40
Former Aeroflot Deputy on Branch's Disintegration	[VOZDUSHNYY TRANSPORT No 43, Oct]	40
Background to Threatened Air Controllers' Strike	[SELSKAYA ZHIZN 24 Nov]	42
October Rail Performance Reviewed	[GUDOK 4 Nov]	43
Rail Transport Safety Program Established	[GUDOK 6 Nov]	44
Railroad Vandalism Losses Highlighted	[MOSKOVSKAYA PRAVDA 5 Nov]	44
Transportation Construction Problems, Solutions Viewed	[AVTOMOBILNYYE DOROGI No 7-8, Jul-Aug]	46
Highway Development Examined	[AVTOMOBILNYYE DOROGI No 7-8, Jul-Aug]	50
Container Transport Operations, Improvements Viewed	[GUDOK 6 Nov]	53

REGIONAL AFFAIRS

Yeltsin Meets With Soviet of Nationalities Deputies	[KOMMERSANT DAILY No 32, 18 Nov]	54
Regional Admin Heads Meeting Results in Support for Yeltsin	[KOMMERSANT DAILY No 32, 18 Nov]	54
Krasnodar Residents Abstain From Voting for National Deputies	[SOVETSKAYA ROSSIYA 24 Nov]	55
Money for Creation of National Regions Unsatisfactory to RF Germans	[NEZAVISIMAYA GAZETA 22 Oct]	55

INTERNATIONAL AFFAIRS

Economist Considers Pros, Cons of Foreign Banks' Activities [NEZAVISIMAYA GAZETA 24 Nov]	56
Australian Delegation To View Possible Business Ties in Russian Far East [NEZAVISIMAYA GAZETA 20 Nov]	58
Vietnamese Ambassador Encourages Economic Exchange [ROSSIYSKIYE VESTI 25 Nov]	58
Volkogonov Comments Further on Issue of Hiss Innocence [NEZAVISIMAYA GAZETA 24 Nov]	59

UKRAINE

POLITICAL AFFAIRS

Discord in Lvov Rukh Detailed [ZA VILNU UKRAYINU 5 Nov]	60
Nomenklatura Cooption of Democrats Charged [VECHERNIY KIYEV 17 Nov]	62

ECONOMIC AFFAIRS

Pynzenyk on Monetary Reform Policies [GOLOS UKRAINY 3 Nov]	64
Directive on East European Association of Entrepreneurs [URYADOVYY KURYER 6 Nov]	67
Statute on Licensing Specialized Enterprises for Intermediary Business Activities [URYADOVYY KURYER 6 Nov]	68
Decree on Procedure for Settling Accounts for Goods Imported From States, Republics of Former Soviet Union [URYADOVYY KURYER 6 Nov]	69
On Procedure for Work With Enterprises Having Foreign Investment, Economic Companies [URYADOVYY KURYER 6 Nov]	70

INTERNATIONAL AFFAIRS

Lukyanenko on Diplomatic Work in Canada [LITERATURNYA UKRAYINA No 44, 5 Nov]	71
Envoy on Diplomatic Priorities With Turkey [URYADOVYY KURYER No 50-51, 6 Nov]	74

CAUCASUS

ARMENIA

Report From Karabakh on Harvest, Aid For Families of Victims [ARTSAKH 24 Sep]	77
Prospects for Cooperation With Oman Examined [AZG 25 Sep]	78
Chairman of Lezgin National Movement Interviewed [AZATAMART 29 Sep]	81

AZERBAIJAN

Documents On Cooperation With Russia Signed [KHALG GEZETI 26 Sep]	84
Pashazade On Recent, Upcoming Travels [KHALG GEZETI 26 Sep]	84
Iranian Ambassador To Baku On Trade Cooperation [KHALG GEZETI 29 Sep]	85
Roundtable Debates Delay In Economic Reform [KHALG GEZETI 29 Sep]	87
Agreement On Cooperation With Petersburg Signed [KHALG GEZETI 30 Sep]	89
Impediments To Azeri Becoming State Language Reviewed [KHALG GEZETI 2 Oct]	90
Azeri Women Create Bad Image Abroad [EDEBIYYAT GEZETI 11 Sep]	91

GEORGIA

Europe To Asia Transport Route Viewed [GUDOK 3 Nov]	93
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BALTIC STATES

ESTONIA

Central Bank Board Opposes Raising Minimum Pay [ARIPAEV 22 Sep]	95
Report: Forest Sales Below Predictions [ARIPAEV 3 Oct]	95

LATVIA

Future of Military Plants in Doubt <i>[DIYENA 15 Oct]</i>	96
Minister on Government Agricultural Policy <i>[LAUKU AVIZE 9 Oct]</i>	97

REGIONAL AFFAIRS

Illicit Military Property Trade Increasing Problem in Baltics <i>[KOMSOMOLSKAYA PRAVDA 20 Nov]</i>	99
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CIS Production Statistics, January-August 1992

934A0213A Moscow DELOVOY MIR in Russian
16 Oct 92 p 6

[CIS Statistics Committee report: "The Economy of the Commonwealth in January-August 1992"]

[Text] During the last two months of the past period, the rate of decline in social production increased. Compared to the corresponding month last year, in August of this year the total volume of industrial output for CIS was 28 percent lower in comparable prices (in July, 23 percent and in June, 15 percent). However, compared to July, with respect to the figures for some previous years, the seasonal increase in average daily output in August was

two percent to three percent. This year, average daily output in August fell two percent as compared to July. In August, in all states wholesale prices in industry increased by 15 percent compared to July, and retail prices for consumer goods increased by nine percent.

Overall, as compared to the corresponding period last year, for the first eight months of this year the change in the basic indicators for the economies of the CIS countries were characterized as follows (figures given in percentages):

(In all tables below, the following conventions are used: * = CIS State Committee for Statistics figures "—" = figures not available or not shown "..." = figures not available)

Table 1

	National Income Produced	Total Volume of Industrial Output	Wholesale Price Index for Industrial Enterprises	Population's Monetary Incomes (without 40 percent compensation)	Population's Monetary Income (without savings increase)	Retail Trade Turnover	
						actual prices	comparable prices
Azerbaijan	78.2	78.2 ¹	1,260 ¹	326.4	333.9	322*	35*
Armenia	53.3	49.7	1029	193.5	193.2	176	26.0
Belarus	85.0	85.8	1732	605.9 ²	607.9	617	71.7
				504.1			
Kazakhstan	79.7	85.6	1,918	511.9	393.3	433	58.9
Kyrgyzstan	74.8	78.3	1,781	332.7	288.6	306	36.0
Moldova	77.5	70.9	1,163	403.2	368.5	391*	45*
Russia	80.0	83.4	1,648	651.0	561.6	566	57.5
				526.1			
Tajikistan	—	82.9	1434	266.0 ¹	269.5 ¹	269	31.4
Turkmenistan	89.5	76.3	830	459.7	350.9	380	64.2
				452.8			
Uzbekistan	79.5	90.2	1026	338.8	334.5	340	59.9
				304.8			
Ukraine ³	88.0	—	—	—	—	649	75
Total for CIS*	81.2	83.4	by a factor of 17	by a factor of 6.3			
				by a factor of 5.3	by a factor of 5.3	50	60.4

Notes 1. January through June

2. The numerator shows figure without 40 percent compensation made in July 1991 for Savings Bank deposits in connection with the April increase in retail prices; the denominator shows the figure without the compensation

3. Here and in subsequent tables the figures are estimates and derived from bilateral exchange of information

Profit made by enterprises and organizations under conditions of declining output volumes increased compared to last year because of increased wholesale prices. During the first half of 1992, in Russia and Kazakhstan it rose by a factor of 9.7 (the figure for the first half of 1991 was 1.7), in Belarus by a factor of 8.2 (against 1.8), in Azerbaijan by a factor of 7.2 (1.7), in Kyrgyzstan by a

factor of 6.3 (1.6), Uzbekistan by a factor of 5.8 (1.5) and Armenia by a factor of 4.5 (1.3).

State budget revenues came mainly from value-added tax, profit tax, and excise taxes. Their proportion in the revenue side of the budget varied between 81 percent in Kazakhstan to 47-44 percent in Tajikistan and Turkmenistan. During the period from January to June,

value-added tax made up the following percentages in the states' budget revenues: for Belarus, 39 percent (28.5 billion rubles [R]); for Kazakhstan, 38 percent (R18 billion); for Uzbekistan, 27 percent (R11 billion); for Turkmenistan, 20 percent (R4.1 billion); for Armenia, 19 percent (R0.6 billion); and for Tajikistan 18 percent (R1.7 billion). Profit tax as budget revenue was R18.4 billion (25 percent of all revenues) for Belarus; R18.2 billion (38 percent) for Kazakhstan; for Uzbekistan, R7.1 billion (17 percent); for Turkmenistan, R4.2 billion (21 percent); for Tajikistan, R2.1 billion (22 percent); and for Armenia, R8.6 billion (31 percent). Excise duties totaled R45.3 billion in Russia, R8.6 billion in Belarus, R2.9 billion in Uzbekistan, R2.6 billion in Kazakhstan, R0.7 billion in Tajikistan, R0.6 billion in Turkmenistan, and R0.2 billion in Armenia.

In Russia the total decline in the proportion of profit tax and an increase in the proportion of value-added tax were observed in the total amount of taxes. Compared to the previous month, in June revenues from value-added tax rose R25.2 billion, while revenue from profit tax declined R32.1 billion.

During the past period the volume of industrial output was 16.6 percent lower than during the period January-August 1991.

The wholesale price level for enterprises during the period January-August was on average 17 times higher for the CIS than for the corresponding period in the preceding year. Compared to July, in August this year wholesale prices rose 15 percent, and compared to December last year were 35 times higher.

Compared to the period from January to August last year, coal extraction in Russia and Kazakhstan declined four percent. It should be borne in mind, however, that recovery of this kind of fuel in 1991 was one of the lowest in recent years. Recovery of gas in Russia was maintained at virtually the same level as during the corresponding eight months last year; in Uzbekistan it was slightly higher, and in Turkmenistan it declined 32 percent. Oil recovery declined 13 percent, including 14 percent in Russia; at the same time, it rose 15 percent in Uzbekistan.

Stocks of coal and boiler fuel at enterprises and organizations of the main consumers were as follows in some of the CIS countries as at 1 September this year (thousands of tonnes):

Table 2

	Actual Stocks		1992 as a Percentage of 1991	
	coal	boiler fuel	coal	boiler fuel
Azerbaijan	3.4	204.4	41	103
Belarus	601.1	928.9	87	80
Kazakhstan	9,952.1	1,153.3	96	158
Russia	48,888.2	10,399.1	118	101
Turkmenistan	8.6	20.0	47	107

At electricity power stations and at power engineering and ferrous and nonferrous enterprises and organizations, in all countries of the CIS except for Russia, coal stocks are lower than last year. Coal stocks for the residential and municipal economy have shrunk significantly.

In all countries of the CIS except Belarus, stocks of boiler fuel at power stations and for boiler houses are higher than last year. Stocks of boiler fuel have declined in the railroad administrations of Belarus and Turkmenistan. A particularly alarming situation has taken shape in agriculture in Belarus, Turkmenistan, and Russia, where stocks have declined 30 percent, 50 percent, and seven percent [as published] respectively. At metallurgical enterprises in Russia, stocks of boiler fuel were 11 percent higher than last year.

Finished ferrous rolled metal output was 16 percent less than during the January-August period last year. Production of particular kinds of machines has declined sharply, as follows: tractors 23 percent (in Russia 29 percent, in Kazakhstan 58 percent), metal-cutting machines 25 percent (in Kazakhstan 36 percent, in

Armenia 45 percent), pressing and forging machines 26 percent (in Russia 27 percent).

Production of mineral fertilizers in Russia declined 17 percent, in Belarus 27 percent, in Kazakhstan 34 percent, in Turkmenistan 41 percent. A total of 12 percent fewer synthetic resins and plastics, and chemical fibers and yarns than last year were produced in Russia, and 14 percent less sulfuric acid.

Twenty percent less paper than last year was produced, and 16 percent less cement.

Production of consumer goods fell on average 17 percent, including 22 percent in Kazakhstan, 25 percent in Tajikistan, 27 percent in Kyrgyzstan, and 29 percent in Moldova.

Production of foodstuffs, primarily meat and whole-milk products, declined. In Russia, 27 percent less meat was produced, in Uzbekistan 32 percent less, in Kazakhstan 34 percent less; the corresponding figures for whole-milk products were 48 percent, 28 percent, and 25 percent.

In the CIS 22 percent less fabric of all kinds were produced (in Russia and Tajikistan the figure was 25 percent); production of footwear declined by 26 percent (in Russia 29 percent), television sets by 22 percent, tape recorders by 25 percent, and washing machines by 28 percent.

Agricultural enterprises in most of the CIS states completed mowing and threshing of grain crops. Since the beginning of October, farms in the virgin-land oblasts of Kazakhstan and the northern territories of Russia have moved on to mass harvesting of them. As of 28 September for the CIS as a whole, grain crops (except for corn) had been cut across an

area of 84.6 million hectares, or 88 percent of the area sown. A total of 80.5 million hectares had been mowed (95 percent of the area cut). A total of 165.9 million tonnes grains (in initial-receipt weight) had been threshed; this is an average of 20.6 quintals per hectare of mowed area. Last year by this time, grain crops had been mowed over an area of 90.2 million hectares, and 146.2 tonnes of grain had been threshed, or an average of 16.2 quintals to the hectare.

For the CIS states, the course of the harvesting of grain and leguminous crops (not counting corn) is characterized as follows:

Table 3

	Mown by 28 September 1991		Threshed Grain		For Reference: Quantity Threshed by 30 September 1991	
	millions of hectares	percentage of sown area	total, millions of tonnes	average yield per hectare, quintals	total, millions of tonnes	average yield per hectare, quintals
Azerbaijan	0.6	98	1.3	21.7	1.3	21.4
Armenia	0.0	88	0.0	30.6	0.1	20.0
Belarus	2.4	99.7	7.6	31.0	6.9	28.4
Kazakhstan	18.7	88	23.5	13.9	11.9	6.5
Kyrgyzstan	0.5	94	1.2	26.4	1.0	23.8
Moldova	0.4	96	1.4	33.7	1.6	33.2
Russia	46.7	85	92.9	20.0	87.7	16.2
Tajikistan	0.2	86	0.2	9.5	0.2	10.2
Turkmenistan	0.3	99.5	0.5	20.4	0.3	19.5
Uzbekistan	0.8	99.2	1.3	15.4	0.9	12.5
Ukraine	—	—	—	—	—	27.5

At farms in Kazakhstan, grain crops have still not been cut over an area of 2.485 million hectares (12 percent of the area sown), and for Russia this figure is 8.575 million hectares (15 percent).

The lifting of potatoes and the harvesting of vegetables has begun everywhere. By 28 September for the CIS overall, of the 1,561,000 hectares sown in potatoes, they had been lifted from an area of 1,158,000 hectares (74 percent), while vegetables had been harvested from 352,000 hectares (43 percent of the area sown).

As of 28 September for the CIS states as a whole, average potato yield per hectare from areas lifted was 95 quintals, which was four quintals less than by that date last year. Overall, by 28 September at agricultural enterprises 11

million tonnes of potatoes had been lifted, against 14 million tonnes by that date last year. However, taking into account the expanded areas sown to potatoes on private farms, it is expected that the gross potato harvest in this category of farms will be higher this year than in 1991.

Overall for the CIS states, vegetable yield from areas harvested was 4.4 million tonnes, which is 2.4 million tonnes, or 35 percent, less than by that time last year.

By 28 September overall for the CIS states, 39.1 million tonnes of grain had been delivered to grain-procurement centers, which is 4.6 million tonnes, or 13 percent, more than by that time last year. The proportion of grain purchased from the total volume threshed is 24 percent (the same level as last year). Grain purchases for the CIS states are shown below.

Table 4

	Total Grain Purchased, Thousands of Tonnes				Proportion of Grain Purchased to Grain Threshed, Percentages	
	as of 28 September 1992	increase for the week from 21 through 28 September	as of 30 September 1991	figure for September 1991	as of 28 September 1992	as of 30 September 1991
Azerbaijan	281	1	293	96	22	23
Armenia	56	6	44	129	50	61
Belarus	1,603	9	1,091	147	21	16

Table 4 (Continued)

	Total Grain Purchased, Thousands of Tonnes				Proportion of Grain Purchased to Grain Threshed, Percentages	
	as of 28 September 1992	increase for the week from 21 through 28 September	as of 30 September 1991	figure for September 1991	as of 28 September 1992	as of 30 September 1991
Kazakhstan	6,403	2,123	2,387	269	27	20
Kyrgyzstan	126	7	99	127	10	10
Moldova	286	9	274	104	20	17
Russia	18,963	1,351	19,513	97	20	22
Tajikistan	11	1	20	54	6	11
Turkmenistan	237	49	64	368	45	20
Uzbekistan	623	86	349	179	50	38
Ukraine	—	—	—	—	—	30

As of 21 September, 1.3 million tonnes of potatoes and 3.9 million tonnes of vegetables had been purchased. This was less than was purchased by the corresponding date last year-1,954,000 tonnes for potatoes (60 percent) and 2,272,000 tonnes for vegetables (37 percent).

Farms in sugar beet regions have started to harvest the sugar beet crop. By 21 September 6 million tonnes of the new harvest's root crops had been delivered to sugar-processing enterprises, which is 6 million tonnes (50 percent) less than by that time last year.

Purchases of raw cotton are significantly down from last year (thousands of tonnes):

Table 5

	28 September 1992	Total		28 September 1992 as a Percentage of 1 Oct 1991
		as of 24 September 1991	as of 1 October 1991	
Azerbaijan*	72	55	450	16
Kazakhstan	-	-	19	-
Kyrgyzstan	0.6	—	6	11
Tajikistan	37	19	205	18
Turkmenistan	162	55	454	36
Uzbekistan	307	151	1,530	20
including fine-fibered cotton				
Tajikistan	12.9	7.8	54.2	24
Turkmenistan	20.7	8.6	101.3	20
Uzbekistan	19.8	12.8	111.1	18

Agricultural enterprises continue procurement of fodder for livestock farming, but at the same time in many of the CIS states procurement has been considerably less than last year. As a result, despite the smaller numbers of livestock, particularly cattle, fodder available for the upcoming overwintering will be less than last year. As of 28 September for the states of the CIS as a whole, 10 percent less fodder than last year, expressed in units of fodder, had been procured.

During the past eight months, 8.8 million tonnes of meat (live weight) (realized from the slaughter of

cattle and poultry) were produced at agricultural enterprises in the CIS countries, along with 42.2 million tonnes of milk and 31.2 billion eggs. This was 23 percent less meat, 19 percent less milk, and 15 percent fewer eggs than were produced during the same period last year.

The declining production in livestock farming at agricultural enterprises was the main reason for the reduced volumes of purchases noted in all the CIS states, as follows:

Table 6

Purchased During the Period January-August 1992

	cattle and poultry (live weight)		milk		eggs	
	thousands of tonnes	as a percentage of 1991	thousands of tonnes	as a percentage of 1991	thousands of tonnes	as a percentage of 1991
Azerbaijan*	42	59	158	61	175	70
Armenia	9	25	34	31	75	36
Belarus	747	77	3,125	76	1,121	92
Kazakhstan	562	61	1,616	72	1,153	74
Kyrgyzstan	59	68	214	64	182	71
Moldova	101	53	498	79	268	74
Russia	4,176	71	19,546	76	15,347	75
Tajikistan	22	48	126	73	152	59
Turkmenistan	36	76	137	99	88	68
Uzbekistan	152	83	563	87	586	64
Ukraine	—	—	—	—	—	—

Overall for the first eight months of this year, all categories of procurement organs purchased 7.9 million tonnes of cattle and poultry (live weight), 34.7 million tonnes of milk, and 23.3 billion eggs. This is 3.4 million tonnes (30 percent) less meat, 11.5 million tonnes (25 percent) less milk, and 7.8 billion (25 percent) fewer eggs than were purchased during the same period last year. Compared to August of last year, in August of this year 37 percent less cattle and poultry than last year, 16 percent less milk, and 18 percent fewer eggs were placed in state stocks for the CIS as a whole.

In addition to reduced output, the increase in the volume of output sold at free prices through other channels (in the market, at trading enterprises, by barter operations, and so forth) is also having an effect in lowering the volumes of procurements of livestock farming produce to be placed in state stocks.

Investment activity during the first eight months of 1992 was characterized by smaller volumes of capital investments and less housing and cultural, educational, and public health projects commissioned, and also fewer production capacities.

Compared to the same period last year, during the first seven months of this year commissioning of housing by state enterprises and organizations in Belarus fell by 28 percent, in Russia by 30 percent, in Kyrgyzstan by 33 percent, in Armenia by 86 percent; the corresponding figures for preschool establishments were three percent, 33 percent, 30 percent, and 65 percent; and for hospitals, 76 percent, 46 percent, 65 percent, and 82 percent; in Russia 24 percent fewer general education schools were commissioned, and the corresponding figures were 55 percent for Kyrgyzstan and 96 percent for Armenia.

Volumes of contract work are also decreasing. Thus, compared to the period from January to July 1991, the

volume of contract work decreased by 11 percent in Belarus and by 37 percent in Russia.

In Russia, of the 291 very important projects and construction sites funded by the state budget and earmarked for commissioning in 1992, not one was brought up to full design capacity during the first seven months. In Kazakhstan, of 32 projects and capacities nearing completion and earmarked for commissioning this year under state orders, no project has been commissioned, and only 24 percent of the capital investments allocated for them has been used.

The rising prices for construction materials are also affecting the deteriorating indicators for capital construction. Compared to the same period last year, during the period from January to July 1992 in Belarus, for example, prices for construction materials increased by a factor 12, for prefabricated reinforced concrete structures by a factor of 16.3, for walling materials by a factor of 19.1, and for construction parts made from wood and wood-particle board by a factor of 17.1. In Russia, wholesale prices for cement, ferrous rolled metals, and timber and sawn lumber have risen by factors of from 10 to 23.

This is leading to an overall increase in the cost of construction. Many contractors lack the financial resources to continue construction and commission projects according to contracts. So the number being offered for sale, and also the number of those being mothballed, is rising. Thus, in Russia alone, during the first half of the year, 83 uncompleted construction sites were sold for a total of R0.5 billion.

In the states of the CIS, the transfer of housing to private ownership by citizens continues through sales and free or partially paid-for privatization. During the first half of 1992 more than 562,000 apartments were privatized in Russia, of which more than 430,000 were transferred to

the public free of charge or with only partial payment; in Belarus the corresponding figures were 68,000 and 14,000, in Uzbekistan 39,000 and 18,000, in Kyrgyzstan about 10,000 and 2,700, and in Turkmenistan more than 7,000 apartments have been privatized. Sales of housing have increased. Thus, in Russia more than 132,000 apartments were sold, for R5.6 billion; in Belarus about 54,000, for R468 million; in Uzbekistan almost 22,000, for R185 million; and in Kyrgyzstan more than 7,000 for R59 million.

The situation with respect to the consumer market remains complex and ambiguous. In all CIS states prices continued to rise in August for consumer goods in retail trade: Compared to July, prices increased by an average of nine percent (the figure was 13 percent for July compared to June), and were 8.6 times higher than in December 1991 (that is, the level before price liberalization). Compared to the corresponding period last year, prices were 9.1 times higher in January-August, and 10.6 times higher in August.

Figures on changes in prices for consumer goods in retail trade for the CIS states are shown below (as percentages):

Table 7

	January-August 1992 Against January-August 1991	August 1991		For Reference: July 1992 against June 1992
		against August 1991	against July 1992	
Azerbaijan*	899	1,129	110	123.5
Armenia	677	680	109.2	110.0
Belarus	876	1,090	109.0	112.5
Kazakhstan	739	913	107.5	113.9
Kyrgyzstan	901	1,020	104.5	109.0
Moldova	882	878	104.5	100.6
Russia	975	1,072	107.8	107.7
Tajikistan	816	1,075	117.5	113.0
Turkmenistan	638	796	121.8	102.7
Uzbekistan	601	576	106.5	106.7
Ukraine	856	1,212	114	129.5

In Armenia, Moldova, Russia, and Azerbaijan, prices for nonfood products rose significantly in retail trade in August. Thus, compared to July, in Armenia price increases for these products were 14.1 percent against 2.5 percent; in Moldova, 5.9 percent and 2.7 percent respectively; in Russia, 10.5 percent and 5.4 percent, respectively; and in Azerbaijan, 12.2 percent and 7.6 percent, respectively.

At the same time, the opposite trend was seen in Belarus and the Central Asian republics, where during this period prices for foodstuffs rose more than prices for nonfood products. The gap was particularly significant between price increases in Turkmenistan: Prices for foodstuffs in August were almost 1.5 times higher than in July, while prices for nonfood products were five percent higher; in Tajikistan, foodstuffs were 26.7 percent more expensive, while nonfood products were 11.2 percent more expensive; in Kyrgyzstan these figures were 5.9 percent and 3.3 percent respectively, in Uzbekistan 11.0 percent and 3.9 percent, and in Belarus 11.9 percent and 5.8 percent.

At city markets in most of the CIS states, the seasonal decline in prices for agricultural products continued:

Compared to July, prices fell by an average of 12.6 percent, but were 6.5 times higher than last year. Products were being sold at markets in the Central Asian republics and Kazakhstan 2.3 percent to four percent more cheaply; 10 percent to 18 percent more cheaply in Azerbaijan, Russia, and Belarus; and 27 percent more cheaply in Armenia. At the same time, prices at markets in Moldova rose by almost one-fourth.

Under the influence of increased retail prices, the value volumes of retail trade turnover are increasing. The volume in August was R474.8 billion, and was 7.2 times higher than actual prices in August last year, while the physical volume of trade turnover was 68.2 percent relative to August last year.

In general, during the past eight months, trade turnover for the CIS states reached R2.240 trillion and exceeded the 1991 level in actual prices by R1.833 trillion, and in comparable prices fell 39.6 percent, or R161 billion. Thus, R1.994 trillion in volume of trade turnover (almost 90 percent) were obtained from the increased prices for goods.

Retail trade turnover for the CIS states is characterized as follows:

Table 8

	Billions of Rubles, Actual Prices		As a Percentage Against the Corresponding Period in 1991			
	January-August	August	in actual prices		in comparable prices	
			January-August	August	January-August	August
Azerbaijan*	18.2	3.8	322	440	35	38
Armenia	6.9	1.1	176	192	26.0	28.2
Belarus	112.0	24.7	617	831	71.7	76.1
Kazakhstan	87.2	17.8	433	550	58.9	68.6
Kyrgyzstan	12.2	2.2	306	352	36.0	34.4
Moldova*	23.5	4.2	391	414	45	47
Russia	1,423.5	287.9	566	712	57.5	66.5
Tajikistan	9.8	1.5	269	274	31.4	25.5
Turkmenistan	12.7	2.4	380	468	64.2	58.7
Uzbekistan	55.5	11.7	340	449	59.9	78.0
Ukraine	473.5	116.0	649	971	75	80

As of 1 September of this year, stocks of goods in retail trade, expressed as value, totaled R604 billion for the whole of the CIS (as of 1 August, the figure was R570 billion), and corresponded to 44 days of trading (based on one day of trading in the previous month) against 50 days as of 1 August this year, and 31 days at the beginning of this year.

During January-August, user-fee services worth R240.6 billion were sold, which in actual prices was R183.5 billion (4.2 times) more than during this period last year. However, for services themselves, that is, without taking the price factor into account, were down 40 percent (R22.4 billion) against a year ago. A total of R205.9 billion in volumes of services (96 percent) was derived from the increases in prices and tariffs.

Prices and tariffs for user-fee services increased in all CIS states. In August they were 10 percent higher than in July. Compared to January-August last year, prices and tariffs increased by a factor of 6.1, and in August by a factor of 8.2. Prices rose for all kinds of user-fee services. The greatest price increases were observed for services of great social importance—children's preschool establishments, and sanatorium and resort, passenger transport, and municipal services.

Growth rates for nominal incomes for the population are lagging behind increases in consumer prices for goods and services (calculated on the basis of change in the cost of the consumer basket for a family), and this can be seen from the figures for January-July this year (against January-July 1991):

Table 9

	Consumer Prices	Average per Capita Monetary Income	Wages per Worker ¹	Pensions	Grants	Coefficient Showing Prices Outstripping Growth			
						monetary incomes	wages	pensions	grants
Azerbaijan	9.1	—	5.1	2.8	4.3	—	1.8	3.3	2.1
Armenia	—	1.8	3.1	2.6	—	—	—	—	—
Belarus	9.2	5.8	7.5	5.1	5.7	1.6	1.2	1.8	1.6
Kazakhstan	7.2	4.5	7.0	3.6	5.1	1.6	1.0	2.0	1.4
Kyrgyzstan	9.4	3.1	4.3	3.1	2.7	3.0	2.2	3.0	3.5
Moldova	11.1	3.9	6.3	4.9	4.2	2.9	1.8	2.3	2.6
Russia	11.6	6.2	8.6	5.2	4.3	1.9	1.3	2.2	2.7
Tajikistan	8.9	2.7	5.0	3.7	—	3.3	1.8	2.4	—
Turkmenistan	6.7	4.5	—	3.9	4.2	1.5	—	1.7	1.6
Uzbekistan	5.1	3.1	4.7	4.1	4.1	1.6	1.1	1.3	1.3
Ukraine	—	—	—	5.2	5.0	—	—	—	—

Note 1. Including material assistance, social benefits, and dividends

In all CIS countries, the average wage continued to rise in July. Almost all increases were caused by the need to compensate for price increases. Thus, for example, in Russia average wage increases during January-July amounted to 814 percent, but giving due consideration

to the reduced purchasing power of the ruble, its index was only 98 percent. For most CIS countries, while there is great growth in wages, real wages are falling, and this can be seen from the following figures:

Table 10

	Average Monthly Wage, Rubles		As a Percentage of the Corresponding Period Last Year			
	January-June	July	average monthly wages		average real wages ¹	
			January-June	July	January-June	July
Azerbaijan	1,055	2,510	443	763	—	—
Armenia	853	1,382	300	349	45	40
Belarus	2,778	4,733	741	847	93	91
Kazakhstan	2,156	3,794	644	1,031	75	120
Kyrgyzstan	1,099	1,822	398	528	46	56
Moldova	1,842	2,680	606	747	68	86
Russia	3,215	5,793	814	1,042	98	111
Tajikistan	1,116	1,873	455	669	—	73
Turkmenistan	1,569	—	535	—	—	—
Uzbekistan	1,121	2,013	433	621	73	111
Ukraine	3,142	—	1,012	—	—	—

Note 1. Taking into account the summary index for retail prices and tariffs and user-fee services for the publication

Changes in the level of wages are characterized by higher growth in sectors such as industry, construction, transport, and the lumber industry. In science, public health, culture and the arts, and certain other nonproduction sectors, wage growth rates were slower than for the national economy as a whole. Thus, in Belarus, in industry wages in June rose by a factor of almost 10, while the figure for public health was a factor of eight; in Russia the corresponding figures were 12 and nine.

As of 1 September 1992, offices of the savings banks in the CIS states had attracted deposits of R178.2 billion from the public, or 2.3 times more than during the corresponding period last year. The most significant increase in deposits was observed in Ukraine (a factor of 3.2) and in Kazakhstan (a factor of 2.7). The public's deposits in savings banks in the CIS states were as follows (in billions of rubles):

Table 11.

	Total Deposits			Deposits Made by the Public During January-August 1992
	as of 1 September 1991	as of 1 September 1992		
		including compensation for special accounts	without compensation for special accounts	
Azerbaijan	5.4	11.5	10.0	3.2
Armenia	6.9	10.5	8.2	0.5
Belarus	20.5	38.5	33.1	10.0
Kazakhstan	18.2	36.8	317.9	11.1
Kyrgyzstan	2.9	4.2	3.5	0.2
Moldova	5.9	10.3	8.7	2.0
Russia	260.2	460.0	395.5	89.1
Tajikistan	3.0	5.0	4.3	0.6
Turkmenistan	2.5	4.4	3.8	0.9
Uzbekistan	12.2	23.9	20.7	5.7
Ukraine	102.1	200.8	172.3	54.9
total for CIS	439.8	805.9	692.0	178.2

During the period January-August, monetary emission for the CIS countries, Georgia, and the Baltic states totaled R780.7 billion—R100.8 billion during the first quarter, R258.2 billion in the second quarter, and R421.7 billion in the third quarter.

During the eight-month period, the volume of export and import operations by CIS states (not counting deliveries between them) amounted to \$54.5 billion, which was 29.8 percent less than during January-August 1991. Exports fell 35.2 percent and totaled \$26.3 billion, and the corresponding figures for imports were 23.9 percent and \$28.2 billion. The balance in foreign trade operations by the CIS states overall was a negative one—\$1.9 billion.

In many of the CIS states, negative phenomena continued in the processes of population reproduction. Compared to the corresponding period last year, during the first half of 1992 in most CIS states, except for Turkmenistan and Kyrgyzstan, the birth rate declined three percent to 12 percent. For the CIS overall, the number of births declined 169,000, and the general coefficient for the birth rate fell from 16.6 per 1,000 to 15.3 per 1,000. This decline was the result mainly of the socioeconomic situation. A certain influence was also exerted by the change in the age structure, associated with the decline in the number of women of child-bearing age, mainly in the European part of the CIS.

During 1991, negative natural growth was noted only in Ukraine, where the number of deaths exceeded the number of births by 22,000 during the first half of the

year; in the first half of 1992, the figure was 67,000. In Russia a similar process started at the end of last year, when during November-December, 16,000 more people died than were born; in January-June of this year the figure was 55,000. A natural decline has also been noted this year in Vitebsk, Minsk, and Mogilev Oblasts in Belarus.

The movement of the work force and work places in the CIS countries is characterized by an excess of those losing their jobs (being made redundant) relative to those hired for work and the opening of new work places. The proportion of those losing their jobs because of downsizing in the total turnover from attrition was 12.5 percent in Kyrgyzstan, one percent in Russia and Belarus, 8.5 percent in Moldova, and seven percent in Kazakhstan. The highest proportion of those losing their jobs for this reason was in science and support for science (32 percent in Belarus, 24 percent in Moldova, 18 percent in Kyrgyzstan), and the lowest was in public health (one percent to two percent in Kazakhstan and Moldova, and three percent in Belarus).

According to reports from enterprises, in June this year they planned further redundancies of workers during July-September; in Russia the figure was 402,000; in Belarus, 30,000; and in Kazakhstan, almost 19,000; this may make the situation in the labor market even worse.

Starting in July, in many of the CIS countries the numbers of those hired through the employment services declined as follows (thousands of people):

Table 12

	May	June	July	August
Azerbaijan	2.1	2.2	2.6	2.4
Armenia	0.4	0.4	0.4	0.4
Belarus	5.7	6.9	6.2	7.0
Kazakhstan	7.8	7.9	8.0	8.0
Kyrgyzstan	0.9	1.1	1.0	0.8
Moldova	1.4	1.6	1.2	1.0
Russia	53.4	60.4	54.7	53.4
Tajikistan	0.9	1.4	1.1	1.1
Turkmenistan	—	—	—	—
Uzbekistan	11.0	13.0	8.3	9.3
Ukraine	—	—	—	—

The existing system of personnel training and retraining is doing little to improve job placement. Each year the volumes of professional training declines, the dismantling of the training-production base at enterprises is being observed, and there is a decline in the number of workers employed in organizing training, and also in assets allocated for professional training for workers. The real requirements of enterprises for personnel in particular professions are being adequately considered.

The system of training for the unemployed population entrusted to the employment service, is being formed only very slowly. At the end of August the number of those training in their own profession was 6,900 persons in Russia, 1,100 in Azerbaijan, 600 in Belarus, 100 in Kyrgyzstan, 300 in Tajikistan, and 300 in Uzbekistan.

The change in the numbers of unemployed in the CIS states is characterized as follows (thousands of persons):

Table 13

	Azerba- ijan	Armenia	Belarus	Kaz- akhstan	Kyrgyzstan	Moldova	Russia	Tajiki- stan	Turk- menistan	Uzbeki- stan	Ukraine
January	4.9	—	2.6	4.5	0.2	—	69.2	-	—	-	—
February	5.4	—	3.4	6.7	0.3	0.2	93.1	-	—	-	—
March	7.0	—	4.2	9.2	0.5	0.3	118.4	-	—	-	—
April	7.9	6.1	5.1	11.8	0.7	0.4	151.0	0.5	—	-	—
May	7.2	8.9	5.8	13.6	0.8	0.4	176.5	1.3	—	-	—
June	7.2	14.5	7.1	15.8	0.8	0.6	202.9	3.5	—	-	—
July	6.8	20.8	9.7	19.6	1.1	0.9	248.0	3.6	—	1.4	—
August	6.6	29.3	12.2	22.4	1.2	1.2	29,472 [figure as pub- lished]	5.5	—	2.1	—

Ukraine-Moldova Friendship, Cooperation Treaty

93UN0340A Kiev URYADOVYY KURYER
in Ukrainian No 48-49, 30 Oct 92 p 7

["Treaty on Good-Neighborly Relations, Friendship, and Cooperation Between Ukraine and the Republic of Moldova"]

[Text] Ukraine and the Republic of Moldova, henceforth referred to as the High Contracting Parties,

building on their relations, which are rooted in the historic past,

being guided by the goals and principles of the UN Charter and other generally recognized norms of international law,

being determined to develop friendly relations on the basis of these principles and norms,

being convinced that good-neighborly relations, mutual respect, and cooperation are in the interest of the peoples of the High Contracting Parties and advance the cause of creating qualitatively new relations on the basis of equal rights and the reinforcement of the security system in Europe,

welcoming favorable historic changes in Europe and in the two states,

affirming their readiness to comply fully with the provisions of the Helsinki Final Act, the Paris Charter for a New Europe, and other documents of the CSCE and thus contribute to building a democratic, peaceful, and unified Europe,

being firmly convinced that compliance with human rights and main freedoms is an inalienable condition for reinforcing peace, democracy, and friendly relations among peoples,

recognizing the need to take their bilateral relations to a qualitatively new level, taking into account experience in political, economic, scientific-technical, humanitarian, and cultural cooperation and to reinforce the treaty basis for them to this end, have agreed on the following:

Article 1

The High Contracting Parties shall develop good-neighborly and partnership relations as friendly states; they shall consistently adhere to the principles of sovereign equality, the nonuse of force or the threat of force, the inviolability of borders, territorial integrity, peaceful settlement of disputes, noninterference in internal affairs, respect for human rights and main freedoms, equal rights and the right of peoples to decide their fate, and cooperation and conscientious compliance with international obligations, as well as norms found in CSCE documents.

Article 2

The High Contracting Parties confirm that their security is indivisible, and is inseparably linked to the security of all states that are participants in the CSCE.

In view of the above, they shall consistently cooperate in the area of mutual security and shall structure their relations on the basis of equality and mutual respect for sovereignty.

Article 3

Each of the High Contracting Parties shall not allow its territory to be used for armed aggression, or other actions involving the use of force, against the other High Contracting Party.

The High Contracting Parties shall block, in their territories, the creation and operation of both their own and foreign illegal armed formations, and the recruitment, use, training, financing, and transit of mercenaries.

If one of the High Contracting Parties becomes the target of aggression, the other High Contracting Party shall not support the aggressor in any way and shall facilitate the resolution of the conflict by using the procedures and arrangements of the UN and the CSCE.

Article 4

The High Contracting Parties shall mutually exchange information on the concentrations of troops and combat materiel in the areas of their common border, and shall notify each other in advance about their movement, large exercises, and other similar actions.

Article 5

Each of the High Contracting Parties guarantees to the citizens of the other High Contracting Party, as well as stateless persons who reside on its territory, regardless of their ethnicity and other peculiarities, civil, social, economic, and cultural rights and freedoms, in keeping with generally recognized international standards in the area of human rights for such categories of citizens.

Each of the High Contracting Parties shall defend the rights of its citizens which reside on the territory of the other Party, and shall provide patronage and support for them in keeping with the generally recognized norms of international law.

Article 6

The issues of the acquisition of the citizenship of one of the High Contracting Parties by individuals residing on the territory of the other Party shall be regulated accordingly by an agreement, taking into account the legislation of the Parties on citizenship.

Article 7

The High Contracting Parties shall guarantee the rights of individuals who belong to ethnic minorities in full compliance with norms found in UN and CSCE documents.

The High Contracting Parties ensure the rights of individuals who belong to ethnic minorities and reside on the territory of the Party in question, both on an individual basis and jointly with other members of their group, to free expression, the preservation and development of their ethnic, cultural, linguistic, and religious distinctiveness, and to protection against any attempts at assimilation against their will.

Article 8

The High Contracting Parties shall support the development of the distinctiveness of ethnic minorities through specific measures, especially through the creation of favorable conditions for the operation of educational and cultural establishments in the languages of these minorities, and the unrestricted reception of radio and TV broadcasts at the locations of their dense populations, and shall facilitate the provision of such assistance by the other High Contracting Party.

The High Contracting Parties shall create appropriate conditions for unrestricted access to locations where ethnic minorities reside by the mass media of the other Party.

Article 9

Specific issues of cooperation in the area of ensuring the rights of persons who are members of ethnic minorities and reside in the territory of the other High Contracting Party shall be regulated by separate agreements, proceeding from the peculiarities of the national legislation of the Parties and in keeping with the generally recognized norms of international law.

Article 10

Recognizing the right of each of the High Contracting Parties to adopt its own legislation on migration and to implement an independent migration policy, the Parties shall resolve issues which will arise in this area in keeping with the generally recognized principles and norms of international law by way of signing separate agreements.

Article 11

The High Contracting Parties, desiring to ensure the necessary conditions for the rapprochement of their peoples on a friendly and good-neighborly basis, shall comprehensively promote the expansion of contacts between their citizens, both on an individual basis and through state, public, and other organizations, including contacts between foundations, educational establishments, cultural institutions, scientific research institutes, and the mass media.

Article 12

The High Contracting Parties shall facilitate, in every way possible, the development of contacts between the organs of state power and government, as well as regional and local organs of self-government and their leaders, on a continuous, regular basis. The Parties will also encourage cross-border cooperation in various areas.

The High Contracting Parties have agreed that summit meetings will be held, as a rule, once a year and whenever necessary and feasible.

Article 13

The High Contracting Parties consider that the legal status of state property, and the property of legal entities and citizens of one of the Parties, which is located in the territory of the other Party is regulated by the legislation of the country of location of property and the norms of international law.

Specific issues in regulating property relations shall be considered in a separate agreement of the parties.

Article 14

The High Contracting Parties shall pay special attention to the development of mutually advantageous bilateral cooperation in the economic area. They will take appropriate measures in order to improve the arrangements for their economic relations and bring them closer to the norms and practices of the world market.

Being guided by their domestic legislation, proceeding from their international obligations, and with a view to achieving the objectives of the present Treaty, the Parties shall ensure favorable economic, financial, and legal conditions for entrepreneurial and other economic activities, including incentives for and protection of mutual capital investment, and shall not use discriminatory measures in mutual economic relations.

Article 15

The High Contracting Parties shall conclude bilateral agreements in the area of currency and finance relations, trade, payments, the movement of securities, and duties and transportation rates. The above enumeration of agreements is not exhaustive, and shall be coordinated as necessary.

Article 16

The High Contracting Parties shall expand their cooperation in the transportation sector, including ensuring the unrestricted transit of individuals and freight through their territories, in keeping with international norms and practices, national legislation, and European standards on terms which are envisaged by separate agreements.

Article 17

The High Contracting Parties shall develop cooperation and exchanges in the area of education, culture, art,

health care, science, information, technology, tourism, sports, youth exchanges, and in other spheres.

Article 18

The High Contracting Parties shall facilitate the creation of appropriate conditions for effective cooperation in the sphere of basic and applied sciences and advanced equipment and technology, as well as for the maintenance of direct ties with and joint initiatives of scientists, researchers, scientific and research institutions, and establishments of the Academies of Sciences and scientific-production associations of the two states.

Article 19

Each of the High Contracting Parties shall ensure for its citizens extensive access to the cultural values and the mass media of the other Party and support state, public, and individual initiatives to this end. They shall facilitate the expansion of exchanges between creative collectives, arts personalities, specialists, cultural and educational establishments among themselves at state, regional, and local levels, and shall encourage the study of the language of the other Party.

The High Contracting Parties shall facilitate, on a reciprocal basis, the cause of preserving and studying the art and cultural accomplishments of the other Party, including the protection of the monuments of history and culture and the search for, and study of, archival materials associated with the history of both countries.

Article 20

Proceeding from mutual interests, the High Contracting Parties shall develop cooperation in the area of protecting and improving the condition of the natural environment, preventing cross-border pollution, and containing and eliminating the consequences of industrial accidents and natural disasters, especially the Chernobyl catastrophe, using nature in a rational and resource-efficient manner, and implementing measures to protect and replenish natural resources, flora and fauna, especially in regions adjacent to the common border.

Proceeding from their potential, the Parties shall cooperate in resolving global, European, and regional ecological problems.

Article 21

The High Contracting Parties shall cooperate on issues of providing legal assistance and developing legal relations with regard to public, criminal, and family cases.

The High Contracting Parties shall cooperate in measures to combat organized crime; terrorism; illegal operations with weapons, ammunition, and explosive, poisonous, and radioactive substances; illegal narcotics

trafficking; air and sea piracy and smuggling, including the illegal exportation of cultural values; and other types of crime, and effect the exchange of information in the area of law enforcement operations. They shall also undertake joint actions within the framework of international cooperation in this sphere.

Article 22

The High Contracting Parties shall sign other treaties and agreements between themselves concerning cooperation in all spheres of state-to-state relations which are of common interest.

Article 23

The High Contracting Parties shall resolve disputes which might arise in conjunction with the interpretation or application of the provisions of the present Treaty by way of using procedures for the peaceful resolution of disputes envisaged by Article 33 of the UN Charter.

Article 24

The provisions of the present Treaty do not affect the rights and obligations of the High Contracting Parties following from treaties signed by the Parties with other states.

Article 25

The provisions of the present Treaty may be added to or revised by mutual agreement of the High Contracting Parties.

Article 26

The present Treaty shall be subject to ratification, and shall take effect on the day instruments of ratification are exchanged.

Article 27

The present Treaty is signed for a period of five years. Its effect will be extended automatically for the next five-year period if neither of the Parties states its wish to repudiate the Treaty by way of a written notice no later than six months before the expiration of the term of the Treaty.

Article 28

The present Treaty shall be registered with the UN Secretariat pursuant to Article 102 of the Charter of the United Nations Organization.

Done in the City of Chisinau, on 23 October 1992, in two copies, both in the Ukrainian and Romanian languages, with both texts having equal force.

[Signed] L. Kravchuk, president of Ukraine

[Signed] M. Snegur, president of the Republic of Moldova

POLITICAL AFFAIRS

Rutskoy on Congress, Other Current Issues

934C0418A Moscow LITERATURNAYA GAZETA
in Russian No 49, 2 Dec 92 pp 1, 3

[Roundtable discussion with Vice President of Russia Aleksandr Rutskoy at the LITERATURNAYA GAZETA editorial office Club 206 on 25 November 1992: "I Very Much Want the Congress Not To Turn Into a Row"]

[Text] A. Udaltsov, chief editor of LITERATURNAYA GAZETA: Aleksandr Vladimirovich, we know how your attitude toward the congress has changed. Today, the day of our meeting, when just a few days remain until the opening of the congress, I would like to know what you expect of it. What is your attitude toward it generally? For what tactics will you opt?

A. Rutskoy: Let's start at the beginning. You say that my position in respect to the congress has changed. Some things have been seen in the newspapers in this connection. I confess, I was opposed to it being held at the start of this December. You ask why. Primarily owing to the lack of time to prepare for the congress. It is very difficult to work within a time limit, a political limit particularly; reliable documents, programs, and decisions cannot be prepared.

The crisis situation in the economy and the problems of power require in-depth expert analysis. They require thorough contemplation by the Supreme Soviet and the government. Only on the basis of such an analysis is it possible to formulate the precise reference points of economic and democratic reforms. Such a considered policy should as a priority serve the interests of society and the working people and be based on actual possibilities, not on the expectation of some massive assistance from overseas. Understandably, the preparation of such an analysis takes much time and effort.

There is another aspect also. We need like the air we breathe a new constitution, and it is not, alas, ready. A new supreme Russian law should determine the system of power, the concept of the building of the posttotalitarian society, the rights of the citizens, and the essence of the new economic relations. It is perfectly obvious that it is simply impossible to build a civilized social system without a legislative basis. This, incidentally, is, in my view, a fundamental reason for our present difficulties. After all, we have at this time a symbiosis of old and new laws and the former constitution and amendments to it. Proceeding from such positions, I believed that it would have made more sense to hold the congress in March.

Nonetheless, having examined this question twice, the Supreme Soviet resolved to begin the congress on 1 December. This is the reality. We can all see full well how tense the situation is at the moment. The politicization of society has reached its apogee. If against this

background we start to sort out relations, pin labels on political movements and individual figures, and head toward the abolition of the current legitimately elected authorities, as some politicians are proposing, we will reach the point of complete turmoil.

I very much do not want the Seventh Congress to turn into a political sorting-out and wholly unnecessary row. It is essential from the very outset to channel it in the direction of an objective assessment of the actions of the Supreme Soviet and the government and on this basis strive for the main goal—broad social and political accord. It might be necessary, I believe, to adopt a decision on an intensification of measures of officials' responsibility for their entrusted work and for calls for the demolition of the state integrity of Russia.

Yu. Kulikov, deputy chief editor: I have before me a statement of your press office in connection with the article in MOSKOVSKIYE NOVOSTI on the business of the arms belonging to you and your associates. What can you say in this connection?

A. Rutskoy: I am in the category of officials who have the right to bear and store arms. To be honest, I have a weakness for the collection of arms. The Colt about which the newspaper wrote is registered with the Russian Federation Interior Ministry in accordance with the law. As far as the conveyance to Russia of a pistol is concerned, it was purchased and brought into Moscow, as far as I know, also in accordance with licensing documents of the Interior Ministry. I believe that the law enforcement authorities can competently look into all the circumstances of this matter. The main thing is not to dramatize this episode and not draw premature rash conclusions. As far, on the other hand, as the political purpose of the publication you have mentioned is concerned, you are aware of this, I believe. This is what the statement of the vice president's press office said.

A. Udaltsov: Aleksandr Vladimirovich, we have received here in the editorial offices your Civic Union colleagues—Volskiy and Travkin. On the other hand, we have met here with the representatives of the authorities whom they have sharply criticized. Specifically, Burbulis, Chubays, and Shakhrai have been here. Tell us, please, the Civic Union—is it a united whole? Or just a name under which movements of different stripes have combined? Will you fully support the Civic Union's aims at the congress? After all, both Volskiy and Travkin, for example, declared here that they would be seeking the resignation of many members of the government.

A. Rutskoy: The basis of the Civic Union's ideology is a policy of national accord. I believe that the Civic Union, particularly in the runup to the congress, has proven its stabilizing political role. It has become a positive counterweight to the radical forces—both on the left and on the right—which are endeavoring to realize their political ambitions by attempting to split society and the leadership of the Russian Federation and to exacerbate the general crisis altogether.

An impartial analysis of the country's political development in the past year testifies to the vital necessity for the unification of political parties and movements on center positions in a broad reform coalition. A constructive, not destructive, political and economic line is very much needed at this time.

I believe that something else is becoming apparent also: The Civic Union is a sober-minded political force capable of offering society not unsubstantiated appeals but a considered and well-founded program of emergence from the crisis and the further progress of the reforms. Brushing this program aside at this time would mean abandoning the consolidation of society and failing to avail ourselves of the opportunity to achieve social harmony. In addition, renouncing such a program now would mean giving the implacable opposition gambling on an intensification of the crisis of the economy and the continued disconnection of the reform forces in society one further trump card.

Let us briefly recall the history of the Civic Union. One of the first to be formed in the fledgling multiparty system was the Free Russia People's Party. This occurred back in the era of the existence of the CPSU, for which, incidentally, I was expelled from the Communist Party. The Democratic Party of Russia headed by N.I. Travkin was created also at approximately that same time. In the month of February, when the first signs of the economic and political crisis had really emerged and when an irreconcilable opposition had begun to raise its head, these two parties decided to hold a joint conference. Its platform was the community of center principles of the Free Russia People's Party and the Democratic Party of Russia. The outcome of the conference was that we formed a joint coordinating council in order to somehow confront the loosening of our society. We acquired supporters and sympathizers. The political structure of the Union of Industrialists and Entrepreneurs of Russia, which is led by A.I. Volskiy—the Renewal Party—included. Its chairman is A.P. Vladislavlev. The Russian Youth League, the democratic center parliamentary faction, and other groups of deputies adhering to center political positions joined our movement shortly after. An agreement on cooperation with the Civic Union was concluded by the Federation of Independent Trade Unions of Russia. I have no doubt that the list of participants in the Civic Union will grow constantly.

In accordance with the concept of the Civic Union, the president of Russia and I have talked repeatedly, and leaders of the Civic Union have met with Boris Nikolayevich also. The discussion was constructive and comprehensive. A common language was found, in my view, on many important questions of Russian policy. I recall that Boris Nikolayevich once said to me: "Take a close look to see if the Civic Union might in the future become the political base of support for the democratic and economic transformations in our society." It would seem to me that the Civic Union has substantial prospects and has even at this stage become a major force of support of the president's strategic policy of reforms. The Civic

Union is oriented toward the revival of Russia as a strong political-economic power, as a state with guaranteed individual freedoms. I frequently recall Chicherin's words in this connection: "If the liberal school does not wish to confine itself to idle talk and if it wishes to acquire real influence on social affairs, it must find different principles; creative, positive principles; it must adapt to reality, learn the lessons from history...."

The political ideology of the Civic Union is largely consonant with Chicherin's ideas. At the basis are liberal measures securing the rights and individuality of the citizens and protecting freedom of thought and freedom of worship. All this is attended by strong authority—the custodian of state unity, legality, and law and order.

Ye. T. Gaydar recently presented to the Supreme Soviet a program of urgent measures pertaining to a way out of the crisis. Its many components were devised in conjunction with experts of the government and the Civic Union. As a whole, they worked productively. But there have been certain disappointments also. Disagreements arose once again, as before also, in respect to obvious anticrisis measures. And, most importantly, in the assessment of the current situation in the economy. The government is continuing to view the current situation through rose-colored spectacles. Yet we can hardly hope for any effective action without a realistic assessment of the situation. More and more people are coming to understand that a chaotic and, what is more, accelerating decline in production is under way. A sound investment policy is lacking. The ruble is depreciating catastrophically. The financial-credit system is dying before our eyes, and prices are growing unchecked. I have said repeatedly and will say once again: All this put together is an effect of the wrong tactics in implementation of the reforms. It is clear that under our conditions the principles of monetarism and macroeconomics are not working. It is time to learn to look the truth in the eye and act on the basis of the actual situation and control the situation by continually tallying our possibilities, not being captive to some theoretical surveys and blindly following them. This is why the Civic Union advocates a thorough adjustment of the reforms. We must have a program built not on illusions but on our actual possibilities, and there would in principle be nothing surprising or, even less, horrifying if there were in parallel to an adjustment of the reform program to be an adjustment of the makeup of the government also. I am speaking particularly about the figures who are involved not so much in reforms as in political intrigues and who are inciting passions in society.

A. Udaltsov: A personnel adjustment?

A. Rutskoy: Of course.

Yu. Shchekochikhin, observer: Observing the relations between you and the president, we journalists often wonder: Who are you, the leader or the wingman? Or are you flying with the president at different altitudes? Or in different directions?

A. Rutskoy: I consider, for all that, that Boris Nikolayevich is the leader, I, the wingman. But since you have put the question this way, I will say, as a pilot, that the wingman sometimes performs the role of leader also. Depending on the mission or for the purpose of cover, protection of his leader. But in this situation it is better to fly in one aircraft with dual controls. You may then reach the prescribed airfield in precise and guaranteed fashion. The relations taking shape between the president and I are a natural process, and it makes no sense, I believe, to dramatize this situation and say that the vice president is distancing himself from the president, occupying some particular position, and engaging in subversive work. For heaven's sake! Does it make any sense competing in popularity rating and attempting to earn for oneself a political image by cheap stunts? I believe that such actions do no good.

I am attempting by my actions to achieve one thing—realization of the promises given people at the presidential election. It is for this that I appeal to the government and the deputies, social and political movements, and industrial outfits. For which, in fact, a stream of criticism and various fabrications has been leveled at me. It makes sense in this connection to recall the thinking of the American author Hubbard: "In order to avoid criticism you need to do nothing, say nothing, and be nothing."

The point is that, however paradoxical, I am on many questions proving to be right. Take any of my publications. "Is There a Way Out of the Crisis?" for example (PRAVDA, 8 February 1992). I showed back then that we were in crisis at the start of February. Where have I been wrong? What is this—forecasting? No, it is simply elementary logic built on a realistic evaluation of the situation. There is no need to speak in detail about what the unthinking price liberalization, fiscal tax policy, macroeconomic regulation, and credit-investment policy in accordance with the advice of J. Sachs and the IMF in respect to our own manufacturers have led to at this time.

I. Gamayunov, observer: Aleksandr Vladimirovich! It is said that a portrait of Peter I hangs in your office. And the media are hinting that you are a supporter of an authoritarian form of rule. And, continuing this, in what state is our vertical authority? Is our Russia governable?

A. Rutskoy: As far as Peter is concerned, I prefer to call him not the First but the Great. And believe that he deserved this title. Why? Because he was a reformer. A reformer in the full meaning of the word. And he succeeded in creating a state with which the whole world came to reckon. Peter is our history, our pride. My credo is that a real reformer changes not beliefs and views but reality.

As for authoritarian methods of rule, I am not a supporter of these methods. There are civilized methods of the democratic rule of the state, and there are more than enough of these methods. A search for forms of rule

acceptable to Russia is essential. A state cannot exist in permissiveness, lack of responsibility, and unmanageable conditions. It simply perishes, and there are more than enough such historical examples. "A state is built over millennia brick by brick, one hour can turn it to dust," Byron said.

There has to be a system of control. There is no getting away from this. But a system based on laws enacted democratically and the equality of all before the law, regardless of the position held in society.

The main reason for all the failures lies not in the arrangement of the authorities as a "totalitarian," command-administrative system but in the policy which it pursued in the economy, in the socioeconomic sphere and on human rights issues. All its actions were based on extreme radicalism or an extreme reactionary approach. But even in this situation the mechanisms of control, planning, and regulation should not have been destroyed. They should have been modified and improved. We would then be moving progressively forward, not finding ourselves at the beginning of the end. Society is being subjected to the danger of once again finding itself in the depths of totalitarianism because democracy cannot be built on ruins. Only dictatorship can come on ruins.

We should not confuse severity of demands and responsibility before the law and the constitution with the command, authoritarian method of rule. Lack of will engenders only turmoil. There are already more than sufficient examples in this respect. The unchecked growth of crime, petty politicking destroying the unity of Russia, the fratricidal conflict of Ingushetia and North Ossetia, the blood of totally innocent people, and the formation of armed gangs under the modest signboard of national guards. What next? What will be the price of the lack of will and lawlessness?

For example, I open the paper and read: "The Chechen forces and the Russian forces have disengaged." The question arises: What Chechen forces are these? Does the Constitution of Russia make provision for Chechen forces? No. The same thing is happening in Tatarstan—a national guard is being formed. I was even brought from there a military service card with a registration stamp. Certificates are being issued to servicemen of Tatar extraction who have deserted from the Russian Army.

There should be one thing. The strict position of the state and its leadership. The law and the constitution are above all else, and there can be no exceptions.

I. Mamaladze, observer: But the price of prohibition is war?

A. Rutskoy: If we act, I emphasize once again, on the basis of the law and the constitution, there will be no wars. But if we stand around, deliberating according to the "what if such-and-such should happen" and "this is

undemocratic" principle.... It is undemocratic to neutralize those who are exterminating people? We would then altogether be igniting an even bigger bonfire with all the ensuing consequences.

Question from American NBC television: We have a simple question. The reforms in Russia should be proceeding more slowly, in your opinion?

A. Rutskoy: Not more slowly but in keeping with actual, primarily intrinsic, possibilities. And not at the expense of impoverishment but thanks to the regulation of the economic potential and structural transformations of the economy. It is impossible to move forward from extremely radical positions. The bulk of the populace will simply not withstand further experiments. Nor the country's economy either.

V. Simonov, observer: A kind of small "general staff" was created formerly to fight crime and corruption. You were a member. What has been done, have there been any successes?

A. Rutskoy: Many people imagine the fight against crime to be some one-time show of force. This is far from the case. The deep-lying causes of the orgy of crime of late and the deterioration in the situation giving rise to crime are to be found in the specifics of the economy of the transitional period and in the change of mechanisms of social regulation. Whence my approach. The strategy and tactics of the fight against crime born mainly of economic processes in the present Russian society should be developed on a long-term basis and have stages differing in terms of missions and realization time scales.

It is now obvious that the breakdown of the former distributive mechanisms has become the base for the development of embezzlement in industry and a powerful obstacle to the introduction of new methods of management. Whence a principal task—establishing some kind of effective control over what is produced and where it is disappearing and commencing the molding of new industrial morals.

Another important factor is the glaring imbalance in domestic and world prices, primarily for raw material and precious metals. This is spurring illegal exports for mercenary ends. An example—the exports of tonnes of nonferrous metals to the Baltic for resale.

Attaining world prices within a compressed timeframe is unrealistic as yet. Consequently, we need a special set of measures for fighting such crimes which takes account of the specific features of our situation.

The unregulated nature of the status of state property and the muddle during privatization, which is becoming "grabization" by mafia structures, are to the benefit of criminals also. What is the good of the method of valuation of the enterprises to be privatized when a plant is assessed at several hundred thousand rubles against a

real value of tens of millions! It is here that the largest resources of the criminal world are being washed.

Corruption is flourishing at all levels. And there is simply no law in respect of it. Bribe-takers are seizing the moment, taking as much as they possibly can. And not in thousands but millions.

The scale of the problems of the fight against crime is enormous. But the main thing is to work up as quickly as possible a legislative base corresponding to the economic relations which are taking shape. And not forget here about state safeguards for employees of the law enforcement authorities, the courts, and the public prosecutor's office.

All these problems are within the purview of the Inter-departmental Commission for Fighting Crime and Corruption, which I head. I could say a great deal, but I am working currently on a special article on this topic, which, I hope, will see the light in the very near future.

V. Simonov: That is, you mean that the attempt to get the better of crime is today an obviously lost cause?

A. Rutskoy: Yes. A comprehensive approach to this painful problem of society is needed. Order cannot be brought to bear by half-measures, brutality, sticks, prisons.

Yu. Shchekochikhin: Aleksandr Vladimirovich! The radio has just announced Poltoranin's dismissal. You already knew about this when you were on your way to us?

A. Rutskoy: I am hearing this for the first time.

Yu. Kulikov: So the president does not consult you when personnel decisions are being made?

A. Rutskoy: Mainly, no. We have a state secretary.

Yu. Rost, observer: I run the risk of perpetrating a flagrant violation in the illustration of this question, and the chief editor has the right to immediately sign an order on my removal from the position of observer without my notification. But I will ask it anyway. What is the percentage of fools in the government and the top power structures?

A. Rutskoy: I will answer you in Goethe's words: "Each nation has a sacred right to its particular percentage of fools."

Yu. Rost: You believe that this percentage should be protected?

A. Rutskoy: Not at all.

I. Gamayunov: What is your attitude toward the revival of the Cossack traditions, the Cossacks and Cossack formations generally, and toward the fact that the Cossacks could seek autonomy?

A. Rutskoy: As far as autonomy is concerned, I see no point in this because the Cossacks live here throughout the territory of Russia. In terms of the revival of the traditions of the Cossacks and the distinctive culture, I heartily applaud this. This is culture, this is the history of our Russia, which was unjustly obliterated. I support the idea of the Cossacks' service consisting of the guarding of the borders in structures of the army and the border forces. This should be welcomed. But I am opposed to independent activity in the solution of these questions. A well-considered law on the Cossacks is needed, and I hope that it will be enacted as soon as possible.

I. Mamaladze: So, yes for the Cossacks, no for the Tatars?

A. Rutskoy: Yes for the Cossacks because in the history of Russia they had army formations for centuries, right up to the tragedy of 1917.... But the formation of a national guard in violation of the laws of the Russian Federation is under way in Tatarstan. Creation, not revival.

P. Fisher, Carnegie Foundation (United States): Unless my memory fails me, you are the first Russian member of the military to have accomplished the transition to big politics. This started with us in America long ago, back with General Washington. Since you are the first (Zhukov did not, I believe, manage it nor, equally, did Lavr Kornilov), I congratulate you. Permit me this question with regard for the American experience. You have said that the president is the leader, you, the wingman. But with us the president and the vice president are, it may be said, in one team, in the same boat. Or in one aircraft. The president is moving along one line, say, but looking at your relative independence, you occupy a position which is quite different from the president's position. The Civic Union is in some sense in opposition to him?

A. Rutskoy: The Civic Union is the political force which is essential for our society for stability and political backing for the democratic and economic transformations. I said this earlier. But at the same time, to return to the start of the question, it is not my fault that the constitution determines for the vice president a role which is incomprehensible not only to the citizens of Russia but also to you, a citizen of the United States. Whence teams struggling for a sphere of influence on the president—A. Kozyrev, G. Burbulis, M. Poltoranin, S. Yushenkov, L. Ponomarev, G. Yakunin—are appearing. This is their term—"sphere of influence on the president." Whence also all the political passions. This is one further example of the imperfect nature of the constitution and the system of power.

The president should be influenced only by the constitution. Nothing more. There should be no other sphere of influence on the president.

I conceive of the system of power as a single working mechanism, in which everyone has his clearly drawn duties and his command authority corresponding to his

functions defined by his office. If only in order to bear responsibility to those by whom one was elected. The president and the vice president were elected by the whole people of the Russian Federation from a single list.

But it turns out that elected persons do not have the command authority which appointed persons have arrogated to themselves. That's why they are attempting to create a sphere of influence.

People are rightly asking: What are you doing? We elected you together. But what can I say? I cannot lie. I express my vision of this issue or the other. I could make an assessment of the current situation and propose a solution which suits everyone. I could say everywhere: Everything's normal, everything's fine, hurrah! Attempt even to join up with the "sphere of influencers."

But I cannot lie. It simply would not work. Nor do I wish to learn this trade.

Staff Officers Threaten Force Against Coup

934C0411A Moscow DEN in Russian No 47,
22-28 Nov 92 p 1

["Declaration by Group of Generals and Officers of the General Staff of the Armed Forces of the Russian Federation and the Staff of the Moscow Military District": "A Putsch Will Not Work!"]

[Text] In connection with the promulgation on 31 October of this year in ROSSIYSKAYA GAZETA, published by the Supreme Soviet of the Russian Federation, of information indicating that there is evidence concerning the preparation of a coup d'etat by people in B. Yeltsin's immediate circle (the article "People Around President Undermine Political Situation"), and also taking into account the well-known statement by the president himself, we are empowered to declare the following:

1. An attempt by any official or group of persons representing executive authority to use force to disperse the legally elected Supreme Soviet of the Russian Federation and the Congress of People's Deputies of the Russian Federation will be regarded as a gross violation of the Constitution and the laws of the Russian Federation.

In this event, the Russian Armed Forces will come out against the organizers of the putsch and will suppress it by force.

2. The political struggle must proceed exclusively within the bounds set by the Constitution of the Russian Federation and legislation in force. The law must be the same both for the ordinary citizen and for the president of Russia.

When necessary, a constitutional change of the government and higher officials of the state, including those who fall under the action of Article 121-10 of the

Constitution, is a generally accepted political practice and an absolutely normal occurrence in any democratic country.

3. The Armed Forces of the Russian Federation are loyal to the Constitution and to the oath to the Fatherland.

[Signed] Group of generals and officers of the General Staff of the Armed Forces of the Russian Federation and the staff of the Moscow Military District.

Prokhanov 'Hopeful' After Meeting Grachev

934C0411B Moscow DEN in Russian No 47,
22-28 Nov 92 p 1

[Article by A. Prokhanov: "Conversation in the Ministry of Defense of Russia"]

[Text] Some materials were published in DEN No. 45 (73) that wounded the honor of Minister of Defense of Russia P.S. Grachev. The minister asked me for a meeting, which took place on 12 November in the office where in former times I was received by D.T. Yazov. Minister Grachev expressed regret regarding articles in which he is reproached for joint ownership of the highly profitable joint-stock enterprise Avia Kap-Info. The minister acquainted me with a document according to which he withdrew from joint ownership of Avia Kap-Info immediately after the code appeared prohibiting representatives of authority to participate in commercial activity. The second reproach—about special connections with A. Temerko, chairman of the Russian Military-Industrial Association, which allegedly were profitable to the minister—was rejected by P.S. Grachev with the claim that he acquired the subordinate relations with A. Temerko "through inheritance" from the previous leadership. The minister of defense's explanation seemed convincing to me, and I expressed regret regarding the possible moral damage that the cited DEN articles could have caused the name of P.S. Grachev.

I was interested in a statement made recently by Grachev in which he gave assurances that the army will defend the president. This statement was made against the background of a sharp dispute between Yeltsin and the Supreme Soviet of Russia, the president and the National Salvation Front, and against the background of Yeltsin's threat to disperse the congress and neutralize the opposition. It was assessed by patriots as direct political support by Grachev of the president in his struggle with parliament and the congress. The minister of defense assured me that the public was presented a truncated version of the sentence. In its full text, the sentence stated that the army will protect the president, its supreme commander in chief, the Supreme Soviet, and the people. P.S. Grachev assured me that the Russian Army, on the structuring of which he is working, will never violate the Constitution and will never act against the people. He said further that rumors of an alleged meeting that was held by the Security Council at which he, Grachev, supported the idea of declaring a state of

emergency in Russia have nothing in common with reality because such a meeting was never held.

The minister's statement that he is a regular reader of DEN makes it possible to hope for constructive relations between our newspaper and the Ministry of Defense, relations that always existed between the Russian intelligentsia and the army until the ill-fated events of August 1991.

The minister of defense reminded me of the Afghan campaign, in which both of us were participants. The overall feeling from the conversation filled me with cautious optimism regarding overcoming the tragic split between the patriotic intelligentsia, which now finds itself in opposition to the current authority, and the leadership of the army, which is one of the functions of this authority.

DEN Chronicles 'Alarming' Military Events

934C0411C Moscow DEN in Russian No 47,
22-28 Nov 92 p 1

[Unattributed report: "Alarming Chronicle"]

[Text] Contrary to the widely publicized statement about halting the withdrawal of troops from the Baltic states, the 107th Motorized Infantry Division has been secretly transferred from Vilnius to the Moscow area. The first echelons of the motorized infantry division have arrived and are being unloaded in Solnechnogorsk.

Support of the National Salvation Front by many military units brought a strange document to light entitled "Commentary of the Press Bureau of the Ministry of Defense of Russia," which not only prohibits officers from taking part in the work of the Front's structure but also prohibits the military press from even mentioning this organization.

In the event of the declaration of a state of emergency in the country, it is proposed to bring airborne troop units based in the Moscow area into the capital. In addition, it is planned to reinforce the VDV [airborne] units with troops withdrawn from republics of the CIS.

Recently the 109th Paratroop Regiment, which was transferred from Lithuania, arrived in Naro-Fominsk.

On 23 October the Collegium of the Ministry of Defense came to a decision concerning the retaking of the officer's oath, although it is generally known that officers of all armies take the oath only once. It is this loyalty to the oath that is the essence of an officer's honor. This undertaking is against the law.

Opponents of retaking the oath who spoke at the conference of the Collegium—the commanders of the Air

Force and the Navy, and other commanders—were unable to prevent the provocative decision. Moreover, they were told that such a position is fraught with possible discharge from the Armed Forces.

It seems that the leadership of Russia has added the lessons of the worst dictators to its armory. Lieutenant Colonel S. Terekhov, chairman of the Officers Union, is being discharged from military service and the victimization of a large number of other members of the organization has begun. Lieutenant General Bogdanov, deputy minister of defense, is personally calling up assistants to troop commanders and instructing them on this score.

Reasons for Disintegration of Russia Analyzed

934C0328A Moscow ROSSIYSKIY
EKONOMICHESKIY ZHURNAL in Russian No 8,
Aug 92 and No 9, Sep 92

[Article in two installments by Vladimir Nikolayevich Leksin, doctor of economic sciences, professor, section chief at the Russian Academy of Sciences Systems Analysis Institute, member of the Russian Federation Supreme Soviet Presidium Higher Economic Council; and Yelena Nikolayevna Andreyeva, candidate of geographical sciences, senior scientific associate at the Russian Academy of Sciences Systems Analysis Institute, expert with the Russian Federation Supreme Soviet Presidium Higher Economic Council: "The Territorial Disintegration of Russia"]

[No 8, Aug pp 32-41]

[Text] By "disintegration" what is usually meant is any form of regional detachment (political, economic, cultural-ethnic, and so forth), as a result of which particular territories begin to differ from the overall space of a country or from other territories. Dynamic disintegration is the antithesis of static, homogeneous space, the process whereby it is splintered. Territorial disintegration may equally be good or evil, depending on the goals and on the forms in which it is accomplished. A boundary that is difficult to formalize exists between transition from positive beginnings in territorial disintegration to negative ones; this boundary is crossed when one attribute of disintegration becomes frankly dominant. When this occurs, local independence becomes political separatism, and the desire to preserve national-ethnic values becomes nationalism, while the process of the shaping of local markets becomes economic isolation, and so forth. Russia is now encountering a surge of these negative manifestations of territorial disintegration.

The New Russian Regional Environment: The Chief Signs of Disintegration

With the disintegration of the USSR, Russia's lebensraum was reduced to a significant degree, and it

changed more rapidly than could be recorded in the official statistics. One might assert that *contemporary Russia is a fundamentally different gestalt that is taking shape, a new regional reality that has no analogue in the past and is actively shaping our future.*

Unfortunately, the establishment of this new reality has still not become an object of serious and systematic analysis, either for politicians or for scientific collectives. For this reason, what is presented below is apparently one of the first attempts to structure the themes of Russia's regional transformation. We have specified twelve of what are in our opinion the chief situations that distinguish in a cardinal way the range of Russia's regional problems of today and tomorrow from yesterday's.

1. *The general consequences of the USSR's territorial disintegration for the new Russia.* While acquiring full state independence and withdrawing from the USSR, Russia has, to a greater degree than the other separated states, also lost space, in both the economic and the social senses. Previous instances in which enormous territories were transferred from Russia to become parts of other republics of the USSR (for example, the Crimea to Ukraine and a number of the Russian Asiatic oblasts to Kazakhstan), which had virtually no impact on the life of the people or the economic and resource-environmental basis of the society, have now turned out to be phenomena at the international level. Millions of people in a unified country have become foreigners with respect to one another. The field of social commonality for the peoples of Russia with respect to the peoples of other countries that were previously part of the USSR has been sharply abridged, and it continues to contract, and (what is especially important) with respect to their Russian-speaking segment.

The disavowal of ideology and the practice of priority investments in "erstwhile backward outlying districts of tsarist Russia," the abandonment of the strategy of developing the economy as the unified national economic complex of the USSR, and the proposed use of the indisputable advantages of territorial specialization and production concentration have considerably weakened virtually all sectors of the Russian national economy (from the military-industrial complex to light industry). (Footnote 1) (We cite one fact in this connection. In May 1992 the capacities of the textile industry in Ivanovo were on the brink of closing down. For the first time since the Civil War, supplies of cotton from the Central Asian states had been halted.) Russia has remained alone with the burden of many of the military-political and international problems of the former USSR, and it already has new, complicated, and costly functions in this and other state relations. In other words, the Russian Federation has become a very major focus of all the negative situations associated with the territorial disintegration of the USSR.

2. *The political disintegration of the space of Russia.* Two trends can be clearly seen here—a general politicization

of regional life and an extreme differentiation in the political climate in individual regions. The first trend has been seen most graphically in the elections of local representative bodies and in the new, total ideologization (now the "democratic-market" course) of all activity by all regional structures, from local administrations to organs of public territorial self-management and local public movements. This general process, however, is very significantly differentiated. The map of "political temperatures" seen in the results of voting by people's deputies on particular problems and their reactions to central decisions is not only exceptionally disparate but also—and this is very important—extremely inelastic in these differences.

Because of the recent establishment of the institution of governorship, the political disintegration of Russia's territory has acquired a unique, internally contradictory connotation. A personal representative of the president has been dispatched to each of the major regions of Russia. On the one hand, we may see in this a desire to oppose local voluntarism and to ensure a unified policy in carrying out the state reforms. On the other hand, each region that acquires its own "presidential governor on the spot" has, as it were, become even more autonomous and acquired a certain additional quasistate status.

Regional aspirations concerning political sovereignty are quite diverse. Zones of constant political tension (Vorkuta, Kemerovo, and so forth), and zones of real political conflict (Chechnya, Ossetia, Tatarstan, and so forth) have emerged. The sociopolitical unity of the territory of the former RSFSR as part of the USSR has ceased to exist, and can hardly be restored before the end of the crisis and reform periods.

3. *National-territorial disintegration.* Regional disintegration on national grounds is taking place in four main forms: a) statization (sovereignization) of autonomous administrative-territorial structures set up previously (for example, Tatarstan, Chechnya, Yakutia, and so forth); b) territorial detachment of a number of lower structures of this type (for example, the separation of the Chukotsk National Autonomous Okrug from Magadan Oblast); c) the creation of new national-territorial formations (the autonomous structure for the Germans, the restoration of the Cossacks as a nation); d) national-structural transformations associated with the new situation with respect to migration. These process have been largely localized (and herein, in particular, lies their main difference from, for example, racial conflicts in the United States or South Africa), but the scales of their emergence and—and this is paramount—their consequences in virtually all cases extend beyond the boundaries of particular regions and are becoming all-Russian in nature.

4. *Economic disintegration and regional isolationism.* One of the chief features of contemporary Russia has become the growing disintegration of the economic space, first and foremost with respect to local conditions and restrictions on entrepreneurship. In the former

USSR this space might have been both forbidden and dangerous, but it was uniform. The space of the new Russia with respect to taxes, tariffs, prices, and protectionist attitudes is more sharply divided than, for example, the space of Central Africa. The ideology of economic separatism is becoming dominant in regional economic practice in many of the Russian republics, krais, and oblasts (the sources, substance, and consequences of these processes will be considered in more detail in sections 2 and 3).

5. *Greater opportunities for local organs of power and management to form a detached socioeconomic and market milieu.* This trend could only be welcomed had it really realized one of the most important tasks of local management, namely, taking regional conditions into account and making effective use of local resources and specific regional prerequisites for the goals of territorial development. However, circumstances were shaped in a way such that the local authorities have been forced to use their new powers primarily to organize urgent solutions to constant crisis situations.

In the existing sociopolitical and economic situation, local authorities have essentially remained "one on one" with the population. The federal government has relinquished responsibility for job placement, housing, education, and public health, issuing instructions only with respect to increases in the wages for workers in the budget-funded sphere. Virtually all social development in the regions, including subsidies for regulated prices, depends on local budgets, for which allocations are constantly shrinking.

The situation is being made worse by the fact that the government and Supreme Soviet of Russia have assigned to the local organs of power and management the entire responsibility for carrying economic reforms at the local level (that is, these organs have been made responsible for functions that are inherently not theirs at all).

All of this taken together had to lead to the adoption in virtually every republic, kray, and oblast of Russia of local regulatory enactments that are disintegrating all aspects of local life—prices and tariffs, conditions for the privatization of housing and standards for plots of land, provision of social services for the inhabitants, and so forth.

6. *Confrontation between administrative-territorial structures at various levels.* The combined effect of the trends noted above in the territorial disintegration of Russia have generated yet another problem that also has absolutely no analogue in the world in terms of the acute nature of its consequences. The new powers of the local authorities, the erosion in the functions of representative and executive bodies, and the incommensurability between powers and responsibility to the public, combined with the very meager support (including budget support) for their activity, has led in many regions of Russia to a real war between cities and their rayons,

between oblasts and cities, and between local administrations and soviets at various levels. Depending on how these conflicts are resolved, the real position of particular cities and rayons is beginning to be differentiated increasingly sharply not only on the political plane, but also the socioeconomic.

7. *Confrontation between industrial and agricultural regions.* This trend is just beginning to be seen. Its causes lie in the unordered (and neither market nor centrally regulated) economic ties between producers of industrial output and of agricultural output. Its first signs have been threats of a food blockade against industrial centers. It entails additional and extremely serious consequences in terms of the socioeconomic consequences stemming from the differences in the lives of entire agricultural zones and industrial zones in Russia, large, middle-sized, and small towns, and so forth.

8. *The emergence of regions with preferential and special regimes for carrying on economic activity, making use of natural resources, and so forth.* A considerable proportion of Russia's space (almost one-fourth) and an even greater proportion of its economic and resource potential (about one-third) are now functioning under special economic-legal and organizational conditions. The phenomenon of the "preferential disintegration of Russia" has no analogue in the world in terms of its scales and forms (this unique regional phenomenon is considered in greater detail in sections 5 and 6 of this article).

9. *Official recognition of zones of environmental disaster.* The appearance on the map of Russia of an increasing number of environmental (and essentially national) disaster zones has become a powerful factor in territorial disintegration. Individual territories are now so categorized (the Volga region, the Kuzbass, Central Yakutia, the Amur region, Krasnoyarsk Kray, and others); almost all oblasts and krays have their own local environmental disaster zones.

The zone affected by radiation from the Chernobyl disaster is constantly expanding. The radiation danger in the South Urals (particularly in Chelyabinsk Oblast) is anomalously high. Signs of radioactivity from industrial reactors in Krasnoyarsk (traces of cesium-¹³⁷ up to 15 curies per square kilometer) stretch for 800 kilometers along the flood lands of the Yenisey River. A more thorough study of Russia's territory where nuclear explosions "for peaceful purposes" took place may hold many surprises in this regard.

The environmental situation is the most complicated in northern regions where it is difficult to restore the fragile environment (Novaya Zemlya, Arkhangelsk Oblast, and others).

10. *The change in regional priorities.* As a result of the geopolitical shifts, which have still not ended, Russia has been transformed into a predominantly northern country with extremely limited direct gateways into the Black Sea-Mediterranean and Baltic bodies of water. The role of the northern and Pacific regions, upon which not

only domestic but also foreign trade and Russia's foreign trade life will depend in the foreseeable future, has grown immeasurably. The new benefits of its geographical position have started to be felt not in the traditional junctions of the transport arteries and concentrations of infrastructure and natural potential, but in the regions with the best conditions for direct foreign trade activity—Karelia, Murmansk Oblast, Maritime Kray, and so forth.

11. *The new situation with respect to migration.* Interregional migratory flows have always been an indicator of and buffer against territorial differences. The population has shifted from countryside to city, and out of regions with limited opportunities for highly paid jobs into areas where those possibility do exist (most often in the North); mass movements of people have been directed into regions containing gigantic new construction projects. This had its own logic (perhaps deformed, as, for example, in the creation of a network of settlements in the zone of the Baykal-Amur Mainline), which was carried out by the appropriate structures engaged in the organized recruitment of manpower. Migration worked well for a totally predictable system of resettlement; it promoted the internationalization of the population, and so forth.

The new situation with respect to migration, resulting from the disintegration of the political, environmental, social, and economic space of Russia, has become not only a consequence of, but also an additional impetus for, disintegration processes (this aspect of the problem will be described in section 4).

12. *The lack of a common state policy for territorial development.* This is one of the most important but unfortunately least recognized factors in territorial disintegration. Its genesis is associated with the exaggerated hopes of the leadership of contemporary Russia in the self-regulatory possibilities of democracy combined with market mechanisms in the economy. As a result, the unpredictable phenomenon of "territorial nonpolicy" is emerging, and this is both extremely dangerous for the macroenvironment for territorial development and fatal for the individual and society, and likewise for nature.

The following, most obvious symptoms of "territorial nonpolicy" might include the following: a lack of work (and, even worse, lack of any attempt at work) on a concept for a national-territorial and state arrangement for the country; the declaration of what are known to be disintegration positions of the type such as "Each autonomous formation may have as much sovereignty as it can handle," or "Each republic in Russia can have its own national bank"; the signing of a federative treaty, which casts doubt on the competence of the territorially unified Russia that existed previously; a failure to adopt any reciprocal state measures in response to one-sided disintegration decisions by the republics making up Russia (Tatarstan, Bashkortostan), and no explanatory enactments in response to the separatist aspirations of a number of oblasts and krays.

The most acute problem of national relations remains unaddressed (even at the conceptual level). Here, the unimplemented political arrangements of Russia's leadership (on Germans in the Volga region, on the Ingush, on North Ossetia, and so forth) have been impermissibly combined with a lack of successful precedents in mutually satisfying decisions on controversial national questions. An ominous formula has appeared: "The relationship (of a republic, national okrug, and so forth) with Russia," which presupposes that one side of the formula for the relationship with Russia has been deleted.

The breakdown of the state-territorial systems of public health, national education, and social security, without establishing alternative (nonstate) formations acceptable to the public at the local level, is becoming extremely dangerous in the social context. The state, in the person of its leading organs, not only is not pursuing any kind of unified policy for territorial development (unless we regard the lack of such policy as a policy), but is even calmly watching the destruction of its earlier structures.

In summing up and recapitulating these 12 quite arbitrarily selected problem situations, only one conclusion can be reached, namely, that nothing like it has occurred in Russia in the last 200 years. It is a *new regional macro-environment with its own quantitative and qualitative parameters, the like of which have never been seen in the past*. It is a macro-environment that is rapidly losing the features of its former homogeneity and disintegrating into innumerable micro-environments that are (but for other reasons) similar neither to the Russia's previous gestalt nor its common gestalt.

2. Sources of Territorial Disintegration

The disintegration of Russia's economic, social, political, and resource-economic potential, like everything that has occurred since the beginning of the 1990's, can be explained by the general crisis situation in all spheres of the life of society. It is precisely this crisis that has revealed and exacerbated the internal and interregional contradictions that previously were smoothed over; for many decades, to this end deliberate use was made of organizational-legal and ideological mechanisms that were adequate for a period when the essence, tasks, and methods of a socialist state were being presented. It is precisely this crisis that has also engendered the multitude of new regional collisions that have disintegrative and territorially destructive potential.

Perestroika set special hopes in the local factor: A special kind of regional euphoria set in, based on an extremely doubtful absolutization of the slogan "All Power to the Soviets!" and no less doubtful ideas about "territorial cost accounting," "self-sufficiency and self-financing for cities, krais, and oblasts," "payment for manpower," and so forth.

No "regional miracle" occurred, however. In almost all regions the local authorities, just like "the center," turned out to be powerless to improve the socioeconomic

situation of the population, and the local social infrastructure, which accounts for from 50 percent to 90 percent of social services (Footnote) (The rest is classified as the so-called departmental social infrastructure) provided for the citizens of Russia, is approaching its final collapse. As a result, the individual really has become a "regional being," who is increasingly dependent on the place where he has his residence permit and on the local standards for the issue of goods, and who is apprehensive about the "incursion" of neighbors from other regions into his own meager market and is defending it with increasing vigor against these "incursions," and so on and so forth.

And this is hardly surprising. In May 1992 the All-Russian Center for the Standard of Living conducted a study of the living (physiological) minimum in cities of Russia, grouped in eight zones where the living standard, climactic conditions, and structure of the population's incomes and expenses were much the same. The "minimum" included essentials, primarily food, whose total, however, is adequate to maintain an active physical condition only for a limited time (less than a year). In value terms this level varied between R1,060 in Kazan (where the strictest regulatory restrictions operate on price increases) to R2,540 in Vladivostok, and the average was R1,650 to R1,700. But the average per capita monetary income is, according to the State Committee for Statistics, R1,600, and according to the All-Russian Center for the Standard of Living, it is R1,900 to R2,000. Taking into account the incredibly broad spread in the level of incomes among particular population groups, the basis for most of them (about 90 percent) is less than R1,500.

The differences in the physiological living standard for the population (expressed in rubles) can be seen from the following figures:

Zone 1. Krasnodar R1,195, Stavropol R1,215. Zone 2. Nalchik R1,650. Zone 3. Bryansk R1,190, Smolensk R1,580, Yoshkar Ola R1,400, Rostov-na-Donu R1,520, Izhevsk R1,545, Voronezh R1,260, Saransk R1,390, Kazan R1,060, Tambov R1,280, Cheboksary R1,600. Zone 4. Pskov R1,840, Nizhniy Novgorod R1,260, Tula R1,775, St. Petersburg R1,860, Kostroma R1,520, Moscow R1,640, Yaroslavl R1,350. Zone 5. Orenburg R1,470, Volgograd R1,420, Samara R1,530, Ufa R1,440. Zone 6. Arkhangelsk R2,100, Novosibirsk R1,820, Barnaul R1,545, Yekaterinburg R1,600, Petrozavodsk R1,785, Ulan-Ude R2,050, Perm R1,545. Zone 7. Krasnoyarsk R2,095, Tyumen R1,835, Irkutsk R2,370, Murmansk R2,200, Vladivostok R2,540. Zone 8. Yakutsk R2,135.

Here, the difference between the indicated level and the average per capita income for most of the population was negative from seven percent to 30 percent almost everywhere. (Footnote) (The disintegrative aspects of this problem will be considered in section 3.) Because of the defective nature of the latest laws and the indecision of the local authorities, the four main factors whose use was

designed to ensure prosperity for the regions, namely, their own economic base (municipal property), disposition of land and other natural resources, local taxes, and local support for all kinds of entrepreneurship in which a population might be particularly interested, remain virtually unused.

In this connection it must be noted that society has almost failed to notice and has not evaluated one of the most major enactments on actual denationalization of property, namely, its transfer to municipal ownership. Tens of billions of rubles embodied in the most diverse kinds of social and everyday objects, including some that are highly profitable, have passed to the total jurisdiction of the local authorities. But neither the public nor the budgets nor the workers at these enterprises have in fact felt any changes, particularly positive ones, unfortunately.

The phenomenon of this change of form of ownership has gone unremarked even by the ideologues of reform themselves. This is both surprising and intolerable, because society, and first and foremost its regional structures, is waiting in expectation of the next major step in the denationalization of property, namely privatization, including of municipal property.

But in our view the most dangerous thing is the *antimarket practice of ending "direct economic ties among separate regions*, when instead of free producers of goods, the subjects of economic relations become kray, oblast, or city administrations, regulating what and how much can be imported and exported from and to where. A number of laws and decrees not only fail to restrict this kind of activity, but on the contrary, strengthen the idea of "economic independence" for regions, proceeding on the basis of the seemingly tempting prospect of holding a mass of goods at the internal regional level. In particular regions, the export of manufactured goods and those in the shortest supply are now limited to only one-half. There is food for thought for a businessman here!

Finally, it should be remembered that *the crisis and the disintegration of economic ties established administratively are being made much worse by national and local separatist attitudes*. For many oblasts and cities it is now advantageous to pay nothing into the federal budget, while reserving for themselves the disposition of all regional products and exchanging them on a barter basis. It is not surprising that the ideologues of economic and political separatism have become the representatives of oblasts and krays where oil, coal, timber, ores, and metals are found.

Territorial disintegration and the general crisis urge each other on. The decline in production in 1990 was four percent; in 1991 it was 11 percent; in the first quarter of 1992, 16 percent; particular sectors in production are closed down (for example, half of all blast furnaces have been shut down). By the end of 1991 the mortality rate had exceeded the birth rate, and since the beginning of this year this process has been accelerating steadily. The

population's living standard has fallen by a factor of at least three. The social, demographic, and economic consequences of the crisis are comparable to Russia's losses during World War II. By our estimate, at least one-third of all the crisis phenomena mentioned above and their consequences are the result of a lack of any domestic state regional policy, and also of the forced actions of the local authorities (initiated by them).

The process of territorial disintegration is taking place under the influence of *three diverging trends in the sociopolitical development of contemporary Russia*.

First, the idea of the equality of administrative-territorial formations of the same size as equal subjects of the federation (except for oblast rayons, cities, and city rayons) is being proclaimed with increasing frequency. Second, there is an opposing wave of territorial sovereignization, seen first in the form of elevating autonomous formations to the rank of "republics making up Russia," and more recently in attempts to form "Russian republics outside Russia" (Chechnya and to some extent Tatarstan, and so forth). Third, note must also be made of the territorially destructive role played by the constant normative reinforcement by particular regions (they now make up more than one-fourth of all the country's territory) of additional competence, privileges, one-time financial and material-technical support measures, and similar exceptions to the general rules that have been established by law for all regions of Russia.

Between the last two Congresses of People's Deputies alone (the Fifth and the Sixth), that is, in a period of five months, more than 400 legislative enactments were passed, including 49 laws, 168 Supreme Soviet decrees, and 199 decrees of the Supreme Soviet Presidium. And one in every five of these enactments dealt directly with regional management and development problems, and half of them included additional normative positions on these problems.

Their range was exceptionally broad, from the law of the Russian Federation "On Certain Questions of Legal Regulation of the Activity of Kray and Oblast Soviets of People's Deputies" to the Russian Supreme Soviet decree "On Providing Rural and Settlement Soviets of People's Deputies With Light Motor Transport." Amid all this avalanche of establishing normatives (which is quite explicable in a period of total change in a society's legal foundation), we count more than 100 legislative records reinforcing additional regional differences. (Footnote) (This is discussed in more detail in sections 5 and 6.)

It is probable that for no region of Russia were so many state regulating precedent-setting enactments passed than for Moscow and St. Petersburg. We note by way of illustration just a few of them, issued during the period from April 1991 to January 1992. They included the Russian Federation Supreme Soviet Presidium decrees "On the Status and Structure of Management Bodies for the City of Moscow as the Capital of the RSFSR," "On

Delineating the Competence of Organs of Power and Management in the City of Moscow," "On the Structure of Management Bodies in the City of Leningrad," "On the Structure and Functions of Organs of Representative and Executive Power in the City of Leningrad," and "On the Powers of the Mayor of Moscow." There were edicts of the president of the Russian Federation: "On the Main Direction in the Management of the City of Moscow's Internal Affairs," "On the Powers of the Organs of Executive Authority in the City of Moscow," "On Additional Powers for Management Organs in the City of Moscow During the Period of Radical Economic Reform," and "On Ensuring and Accelerating the Privatization of Municipal Property in the City of Moscow." Finally, there was the joint decree of the president of Russia and the Russian Federation Supreme Soviet Chairman "On the Administrative-Territorial Division of the City of Moscow."

As the result of this, two unique states within a state were created, with enormous executive power that remained largely outside the general provisions on the rights of executive power (even going as far as price regulation and virtually absolute disposition of land resources), and, paradoxical though it may be, with all the external attributes of anarchy—a city economy being destroyed, mass violations of law and order, and so forth.

The new opportunities for local authorities to exert a direct influence on the conditions and results of entrepreneurship have become a unique and powerful factor in territorial disintegration that has not been properly evaluated. All these past years, which passed under the slogan of decentralization in management, constituted a period of increasing opportunities for local authorities to regulate economic activity. The economic manager and the entrepreneur, partially freed from diktat "from the center," are falling increasingly under the "local" diktat in oblast, kray, and city. True, the latter, fortunately, do not always abuse their power, but the potential for this cannot be disregarded.

The following must primarily be borne in mind. New legislation provides that the creation or conversion of economic and social objects on a corresponding territory are permitted only with the consent of the local authorities. Moreover, all enterprises, organizations, and institutions, regardless of their subordination or form of ownership, are obliged to submit for the approval of these authorities any measures that might lead to environmental, demographic, or other consequences affecting the interests of the population within a territory. It is precisely local authorities that grant permission or impose bans on the activity of economic subjects located on their territory. It is not difficult to see that under the formulas "creation or conversion" and "affecting the interests of the population within a territory," if they so wish, they can apply them to any economic action and every entrepreneurial act.

Unprecedentedly broad opportunities to regulate entrepreneurial activity were given to local authorities by the

RSFSR law "On Additional Powers for Local Soviets of People's Deputies Under the Conditions of the Transition to Market Relations." According to this law, local soviets "are called upon to ensure that comprehensive steps are taken on subordinate territories to stabilize the economic situation." Local authorities were given the right to form municipal property, and here the final decision lies with the higher soviet of people's deputies (Article 2), while the law makes no provision for agreement by the enterprises themselves. Local soviets may carry out subsequent privatization and denationalization of municipal property with the right to allocate at least 50 percent of its value to the local budget (Article 3).

It is precisely the local soviets, it goes on, that must draw up and implement programs to create the market infrastructure—commercial banks, commodity and stock exchanges, brokerage organizations, warehouses, advertising agencies, and so forth (Article 4). Opportunities were extended for directly influencing the commodity flow. Kray and oblast organs were given the legal right to issue licenses and establish quotas of up to 10 percent of output produced on a subordinate territory to be earmarked for exports (Article 4). All kinds of soviets (except for rural soviets) are now able to establish (additionally to the list drawn up by the RSFSR government) groups of goods for which they themselves regulate prices through the local budget (Article 5). They may by mutual agreement with enterprises replace 25 percent of the tax earmarked for the local budget by payment in kind or services rendered at state prices (and another 25 percent on a contractual basis), and also issue a local order to any enterprise that has the resources, up to 50 percent of its output (Article 10). And so on.

It is easy to understand that within the legal scope of this law a certain mechanism was, as it were, built in, which may seriously complicate implementation of the strategy of market reform and abridge the sphere of natural market relations. The presence in new laws of the prerequisites for conflicts between the local authorities and economic subjects is becoming their common feature.

Local legal establishment of norms, which are often obviously at variance with national legal enactments, is exacerbating the situation even more. On the other hand, however, local legislation that unjustifiably restricts economic independence is finding increasing support and legal reinforcement in new republic laws, alas, which through inertia realize the idea of "the power of the soviets" in the sphere of regulating economic activity.

It should be noted that the majority of Russia's new legislative enactments leave the local authorities with their right to establish procedure, practices, norms, and so forth; in other words, to interpret in their own way the effect of common laws on their own territories. There are more than 100 such articles, and we can imagine how seriously their implementation will stimulate further dismemberment of Russia's economic space.

[No 9, Sep pp 34-43]

[Text]

3. The Disintegration of Russian Economic Space

The disintegration of Russia's economic space is being stimulated by three main circumstances. First, real and objective regional differences have started to emerge in the production and marketing of output that previously was canceled out by a state policy of leveling of economic and social conditions. Second, as has already been noted, new local regulators have started to be used in economic activity. Third, the consequences of regional economic detachment have been clearly detected.

The administratively created barriers between republics, oblasts, and krais in Russia are restricting movement of five percent to 20 percent of the output they produce, and for some kinds of output this figure reaches 30 percent to 50 percent. Production incentives are also differentiated. In the second half of 1991 and the period from January to March 1992 alone, differences in the magnitude of the average wage in the republics, oblasts, and krais of Russia reached 350 percent, while the figure for the tax burden enterprises was 70 percent. In terms of quotas on interregional deliveries of output, these differences were 120 percent, and for normative cost of land, 610 percent.

Price liberalization additionally worsened this situation. The former unified price space, differentiated only at the level of city markets (and this predominantly for prices for fruit, fresh vegetables, and flowers in northern regions) and the so-called zonal prices (10 percent to 25 percent), has now become fantastically heterogeneous. This has also reflected what are properly the special regional features in the formation of local markets and the regional differences in price regulation (it is revealing that the sharpest price increases have been for those goods for which the local authorities have had the right to abolish limits on regulated prices).

As a result, according to the Russian State Committee for Statistics, by the end of March 1992 the gap in prices between particular regions was as follows: for butter a factor of 11, for vegetable oil a factor of 18, for sugar a factor of 13, for milk a factor of nine, for bread a factor of 11, for potatoes a factor of nine, for sour cream a factor of eight, and so forth. Prices for everyday domestic products differed just as significantly. For example, for toilet soap it was a factor of 15, for commercial soap a factor of 25, for synthetic washing powders a difference of from R20 to R50 per kilogram, and so forth. The same light overcoat could be purchased for R600 in Perm and for R5,900 in Ivanovo; the same men's suit of a certain quality for R1,000 to R1,200 in Barnaul, Bryansk, Kazan, and Ukhta, and for R3,000 to R3,500 in Omsk, Vladikavkaz, Makhachkala and Yakutsk; a color television set could be bought for R7,000 to R8,000 in Yeltsa and Voronezh, while in Kzyl, Tomsk, Tyumen, Krasnoyarsk and a number of other cities it would cost R20,000 or more. And all of this

when, under the conditions of a civilized market, a price differential of 30 percent to 50 percent is considered adequate for mass expansion of less expensive goods over virtually any distance. But our situation in this regard reminds one rather of the early Middle Ages and the periods of the barbarian colonizations.

Without any visible connection with the regional differences, prices have been raised for all kinds of transport services, and this has additionally promoted the disintegration of Russia's economic space and sharply curtailed opportunities for the free movement of citizens and of output produced. Thus, from December 1991 to April 1992 the rates for passenger travel by rail rose by a factor of 3.4, and by air by a factor of 3.9 (and compared to March 1991, that is, a period of 12 months, the corresponding figures were 6.1 and 7.5); in April-May they were additionally doubled on average for rail transport and raised by a factor of 1.5 for air transport. And the spread for particular directions of passenger flow was 200 percent to 400 percent. Compared to March 1991, by April 1992 the price of a ticket from Moscow to Krasnodar on an express train had risen by a factor of 4.4; for Voronezh the figure was a factor of 5.5, Krasnoyarsk 6.0, Chelyabinsk 6.1, Vladimir 7.5, and Ryazan 8.4. On the other hand, a journey from Moscow to Smolensk increased in price by 167 percent, to Tomsk by 150 percent, and to Chelyabinsk by 292 percent.

Prices for airline tickets also rose during this same period: from Moscow to Barnaul by a factor of 8.4, to Petropavlovsk-Kamchatka by a factor of 8.6, to Ufa by a factor of 11, to Samara by a factor of 12. Prices for flights into the former republics of the USSR, and particularly from them into Russia, rose even more. Thus, a ticket on the Moscow-Odessa route, a distance of 1,220 km, cost R980; on the Moscow-Stavropol route, the same distance, it was R308, on the Moscow-Simferopol route it was R795, and on the Moscow-Krasnodar route it was R316.

The rates for commuter movement of passengers have also been sharply differentiated. During this period they increased on average by a factor of from six to 10, and the price of a trip on a bus (or trolley car or tram) in Vologda, Lipetsk, and Kurgan Oblasts rose from 5 kopeks to 30 kopeks, while in Kostroma and Kaliningrad Oblasts it rose from 5 kopeks to 50 kopeks.

Prices for output in the base industrial sectors and for equipment, gear, raw materials, and materials have risen at different rates. And whereas for Russia as a whole, as is known, typically price increases have been more rapid for industrial output for the countryside as compared to the price increases for agricultural produce, in dozens of regions the position has been the reverse. Given average price increases by factors of 2.1 to 2.3 in 1991 for concentrated fodder, agricultural equipment, and lumber and construction materials, and price increases by factors of 1.8 to two for mineral fertilizers and energy, the wholesale prices, for example, for wool in Orenburg and Chita Oblasts and the Kalmyk, Karachay-Cherkess,

Khakass, and Gorno-Altay Republics rose by a factor of four, while prices for vegetables and potatoes in St. Petersburg, Sverdlovsk, and Sakhalin Oblasts and Maritime Kray rose by a factor of three.

Base conditions for farming are extremely varied. Thus, while the average size of tracts used for collective horticulture in Russia is 0.1 of a hectare per family, the average size of tracts allocated for this in 1991 (in 1988-1990 the size averaged 0.075 of a hectare) in the Chuvash, Dagestan, North Ossetian, and Gorno-Altay Republics was 0.03 to 0.07 of a hectare, while in Arkhangelsk, Voronezh, Kursk, Novgorod, Pskov, and Ryazan Oblasts it was 0.16 to 0.23 of a hectare.

Tracts of land allocated as collective truck gardens show the same differences. While the average size of a family plot in Russia is 0.077 of a hectare (0.095 in 1988-1990), in Vladimir, Ivanovo, Kaluga, Kostroma, and Yaroslavl Oblasts 0.04 to 0.06 of a hectare is being allocated, and in Bryansk, Smolensk, and Tyumen Oblasts and the Gorno-Altay Republic, 0.09 to 0.12 of a hectare.

At the beginning of 1992 farms being formed received an average of 40 hectares. Here, the tracts allocated for farms in Bryansk, Vladimir, and Ivanovo Oblasts and the Mari, Chuvash, and Udmurt Republics was 20 hectares, and in Volgograd, Saratov, Orenburg, and Novosibirsk Oblasts and Gorno-Altay, 60 to 100 hectares per farm were allocated, and in the Republic of Tuva, 120 hectares.

There are also examples of a general economic nature. Thus, local organs of power and management are beginning to ignore the general budget arrangement for Russia. In a number of regions (Krasnodar Kray and others) they are not transferring the amount of taxes as established by law into the state budget *de facto*, and in some that have announced their own single-channel system for the direction of taxes (Tatarstan, Chechnya), *de jure*. Moreover, in all cases of which we are aware they have had their own reasons, but in none of them has it become a subject of state attention.

The issue of money surrogates in particular regions (and even by large enterprises) also significantly divides the erstwhile common economic space of Russia. By the spring of 1992 privatization of apartments in apartment houses in the municipal sector was taking place primarily in Moscow (almost 90 percent of all privatized housing in Russia), and of trade and industrial enterprises in Nizhny Novgorod, and so forth.

Naturally, the figures cited above describe only one aspect (the resulting aspect rather than the aspect of genesis) in the disintegration of Russia's economic space. These are particular examples, but it is impossible not to see that they reflect a very important feature of the new economic-regional situation. *Almost all the differences cited in prices and tariffs, the sizes of tracts of land, and so forth are associated less with actual differences in the economic potential of regions but rather more with the*

lack of any unified market space (including with respect to the reasons noted for the priority of local regulation of economic relations)

In this connection the following questions must be asked: What are these differences—are they the manifest consequences of a prolonged objective process or the result of present random and subjective decisions? How significant are they—are they capable of determining long-term regional differences, or are they short-lived and conjunctural? Accordingly, do they merit serious special analysis, or are they simply curiosities? Let us try, at least briefly, to answer these questions.

The answer to the first question (on the degree of objectivity in the situation that has been described) was strictly speaking given in the initial sections, where the lack of any unified state policy for Russia's territorial development was pointed out and the sources of the disintegration process in general were revealed. It should be added, however, that territorial disintegration and the collapse of Russia's economic space are as objective as the general crisis situation. At first blush there is much in it that is illogical and even unlikely, but the chaos itself that is occurring is a valid consequence and attribute of the crisis in society and authority.

Could all these particular differences in prices, conditions for privatization, and so forth affect the establishment of the new territorial reality? Without doubt. First, some particular differences lead to others. Remember the typical situational chains in the mining regions: dissatisfaction with the low prices for coal and the low wages for miners—a strike and political pressure on the "center"—rapid growth permitted in miners' wages—the associated anomalously rapid price increases for consumer goods—sharp differentiation between social groups—a strike by workers in the social sphere—wage increases for them—a decline in production output and efficiency (including because of the strikes)—lower investment for the technical renewal of production and the increase in crisis economic situations, and so forth. Second, these differences transform one another as they go through the entire system of relations (personal, economic, social, resource-environmental, national, and so forth). Scars are formed that take a long time to heal. And even if they are not too noticeable across the scales of the country as a whole, at a spatially localized level they determine a very great deal. And in a number of cases almost the entire regional gestalt; they are the continuous scars of disintegration-crisis changes.

Not to study this means deliberately to close our eyes to one of the most important and significant realities of contemporary Russia from the standpoint of the consequences.

4. The New Situation With Respect to Migration

When briefly describing in the first section one of the 12 most important aspects of Russia's territorial disintegration—the qualitative change in the situation with respect to migration—we noted the unique role of migration in

the establishment and dynamics of interregional differences. It is understandable that migration is not only a symptom of disintegration processes but also a multiplier. From these positions, how significant is the role of the new migration situation in Russia? What is the essential nature of this novelty?

In answering the questions that have been posed we must first and foremost bear in mind certain discrepancies between quantitative and qualitative evaluations. The fact is that the source of a considerable proportion of the present migration is to be found not in some "yen to find new places," but in tragedy and catastrophe. Here, "the accounting is not the numbers": for example, the appearance in 1991 at a specific population point of a few families who had fled from an undeclared genocide or from the zone of the Chernobyl catastrophe is no less significant than the resettlement of many thousands of people in 1962 from the Moscow area to the virgin lands.

In assessing the new situation with respect to migration in general we distinguish five main differences from earlier migration

First, a powerful new zone of migration has been formed around Russia—the so-called new (or "near") abroad, where there are about 28 million people whose nationality has been appropriately secured by the state within the system of the Russian administrative-territorial division. This is almost one in five inhabitants of the "new abroad" and one in six of Russians as such. Of these, more than 90 percent are Russian, four percent Tatars, three Jews (they have a much greater degree of freedom in moving to other states), 0.7 percent Ossetians, and the rest belong to 15 nationalities. State demarcation of the territory of the former USSR is taking place with extreme rapidity and rigidity, and as it occurs, the family, cultural, and other social ties of tens of millions of specific people are being sundered.

Second, the quantitative parameters of migration have changed in a fundamental way (and it is now between states). Departures from Russia have declined, while arrivals have recently been increasing; the balance of this migration for Russia was about 60,000 people in 1976-1980; this rose to 840,000 people for 1981-1985, and to 920,000 for 1986-1990.

Third, the ethnic purity of migration has been enhanced; increasing numbers of Russian are migrating into Russia and fewer and fewer are leaving. Whereas during the 1960's they arrived mainly from the Transcaucasus, in the 1980's a flow started from Central Asia and Kazakhstan, and later from other republics. In 1989-1990 alone, the balance of interrepublic migration of Russians tripled (to 200,000 people), while their proportion in the migration flow rose from 30 percent to 60 percent.

Fourth, the general direction of migration flows has changed; the proportion of migrants from the Transcaucasus and Central Asia has increased sharply (45 percent for 1976-1980, and 57 percent for 1986-1990).

Fifth, a new contingent of refugee migrants has appeared. According to assessments by the experts, during 1989-1991 they totaled at least 200,000 people, and by the end of 1991 the flow of refugees had increased by a factor of 1.5 as compared to the corresponding period in 1990.

What lies at the basis of this general trend? How is it differentiated in its effect across Russia's space?

The most important distinguishing feature of the reasons prompting migration is that people are being driven from region to region not by economic advantage (the usual incentive for migration as such), but by their abridged situation in the existing markets for land, housing, and so forth, personal discrimination (reinforced in laws on citizenship, language, privatization, property, and so forth), the generally negative attitude toward the Russian-speaking population as a symbol of the officially designated "center," and a policy of mononational development (with obvious priorities for the indigenous population), and so forth.

The sociopolitical disintegration of the space of the former USSR, and now Russia, is becoming a factor in further economic disintegration. In the CIS states that are losing the Russian-speaking population, the decline in production is gathering strength and the falling level of social services for the population is accelerating, and this is understandable, because it is the skilled workers who are leaving—engineers, workers, physicians, teachers, and so forth (in every sphere of the national economies of the CIS states, Russians make up about 25 percent, and in the base sectors of republics such as Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, this figure is as high as 50 percent or more). And this is creating economic problems of another kind in Russia.

Most migrants do not have adequate means to achieve their previous living standard in their new place. Expressed in the prices current at the end of 1991 (and now, of course, they have risen many times over) at least R170,000 were need to arrange for the housing and social and everyday settlement of each migrant. Local organs of Russian power and management are trying either to find enormous budget and credit resources (and, what is even more complicated, material-technical resources) so that migrants do not feel themselves cheated out of their fair share, or so that they can be given an opportunity to achieve self-sufficiency. But neither the former nor the latter is possible in Russia.

It is common knowledge that the federal budget (not to mention local budgets) are in a state of permanent deficit, and allocating even small amounts to settle migrants leads to a certain spiral of social tension with respect to the newcomers. There is also the lack of the 2 million additional work places, which also require primarily the use of skilled labor (and it is precisely these jobs that the migrants are claiming, and rightly so) (Footnote) (For more on this problem see S. Simanovskiy's "The Brain Drain... Into Russia."

ROSSIYSKIY EKONOMICHESKIY ZHURNAL No 7, 1992). Already by the beginning of 1992 almost half a million people had applied for help in finding jobs, and according to the forecasts, that number will at least decuple by the end of the year.

The new situation with respect to migration on the territory of the former USSR has been echoed in a unique way in the northern regions of Russia. Until recently up to a million people used to work there who are now citizens of other states (primarily Ukraine, Belarus, and Azerbaijan). The status of those people at the places that are their main residences is becoming quite uncertain, and naturally they are trying to return. In 1991 about 60,000 people left the territory for this reason, for example, the Khanty-Mansiysk and Yamalo-Nenets Okrugs, while about 10,000 left the Chukotka area.

Migration for sociopolitical reasons has also become a reality for other regions of Russia. In early April 1992 a special government decree was issued, assigning the Committee for Migration Affairs, the Ministry of Justice, the Ministry of Foreign Affairs, and the Russian Federation State Committee for Statistics to devise a procedure for calculating and registering refugees and "forced resettlers" (to use the terminology of the decree).

It has already been noted above that migration caused by the disintegration of the unified lebensraum of the former Union is qualitatively different from the traditional migration for work, during the course of which people moved of their own will to where there were work places and where they could settle in the traditional way (as a rule, first a hostel, then an apartment or house), and if irreconcilable contradictions arose between what they wanted and what they had, they could quietly return to their own place. "Forced" migrants have no way back, and they are not going to places where people are waiting for them. Their journey has had to take place at a time when the overwhelming majority of the population in cities and rural populated points are living on the edge of poverty, while state and local programs for housing construction and social assistance are clearly inadequate even for the indigenous population. It is for this reason that conflicts of an economic, social-psychological, and sociopolitical nature arise.

In this connection, for example, the situation in Stavropol Kray (Footnote) (Most refugee migrants have moved to several of Russia's southern regions—Stavropol and Krasnodar Krays, Rostov Oblast, and North Ossetia) is instructive; in recent years two streams of migrants have crossed here—from the northern regions of Russia and from the zone of interethnic and interstate conflicts to the south. This has led to an increase of 44 percent to 57 percent in population growth (there are 30,000 are officially registered resettlers alone), and to a reduction in the number of vacant work places from 40,000 to 13,000. Under pressure from the local population, the authorities have been forced to introduce restrictions on the purchase of houses by new

arrivals, on their registration as residents, and so forth. Additional incentives have been created for corruption and other abuses of power in order to evade these restrictions.

According to our predictions, the storm of migration, which has been seen in such powerful waves of new settlers, has by no means blown itself out. The possibility cannot be excluded that its "ninth wave" is still to come. Here, we must also bear in mind the 1.2 million people who are servicemen and members of their families, who sooner or later will be returning to Russia (following the withdrawal of troops from the "old" border and from the "new abroad"), and also in connection with the planned cutbacks in the Armed Forces, and the 28 million Russian-speaking population in CIS countries outside Russia's border. A worsening of relations between Russia and Ukraine could become a most serious political factor in this migration.

5. Legitimized Territorial Disintegration

As has already been noted, an additional factor in the dismemberment of Russia's socioeconomic and sociopolitical space has been the numerous presidential edicts and Supreme Soviet and government decrees granting particular privileges to particular regions. In most cases they have been adopted in response to power pressure from the regions: political (Karelia, for example), or economic and political simultaneously (for example, Kemerovo and Tyumen Oblasts).

The meaning and substance of such legitimized differences in the economic conditions for economic activity can be demonstrated in the example of the edict "On Extending the Rights of the Administration in Murmansk Oblast in the Field of Resolving Socioeconomic Problems," signed on 21 March 1992.

The edict permits 40 percent of hard currency earnings from exports of output from enterprises in that oblast, including all hard currency earnings from border trade regulated by the authorities, to be sold not to Russia's hard currency fund but to the oblast fund. It may keep up to 10 percent of the output produced on its territory to create its own trade fund; this fund will be used for commodity exchange operations, while hard currency earnings from exports will go for guaranteed imports of food and medicines into the oblast. Special regimes have been set up for the oblast for hard currency regulation in the fishing industry. A simplified regime has been permitted for passage across the Russian-Finnish state border. With the permission of the oblast administration, export tariffs may be reduced 50 percent for goods produced by enterprises registered on oblast territory. It has been granted the right independently to open branches and departments of foreign individuals and international associations (if they operate only on oblast territory). Significant privileges of have been granted with respect to prices and the budget, and so forth.

This example is very typical. Remember that an inter-governmental agreement has already been signed with

Tatarstan, along with presidential edicts on the Republic of Karelia, the Republic of Sakha (Yakutia), and Komi; there are government decisions on the Gorno-Altay region and Irkutsk Oblast. These documents include granting local administrations the right of enterprises located in the region to use a large part of hard currency earnings (subject to transfer into Russia's republic hard currency reserves), and to dispose of a significant part of the output produced in the region, exempt exports of output under the regional quotas from export tariffs, and increase the quotas themselves, and a number of other privileges. The total volume just from the privilege of exemption from export tariffs is assessed even by the most modest calculations at R100 billion (which, of course, is a direct deduction from revenue for the federal budget).

Similar proposals and appeals from other republics, krais, and oblasts are now being considered in the government and the ministries and departments of the Russian Federation. It can be said that a bureaucratic procedure has already been formed for particular republics and regions to obtain privileges. For example, support during the first half of 1992 for particular regions in the form of cash to pay wages may be regarded as a unique kind of privilege; under conditions of total deficit of devalued bank notes, this becomes one of the few effective means that the government has to exercise leadership in the regions. And this privilege was extremely palpable and tempting, because during this period in a number of regions in Russia there has been mandatory posting of wages into checking accounts with payment of only R1,000 each month (as, for example, at the Bilibino nuclear power station in Magadan Oblast); on the Baykal-Amur Mainline and in Yamal and other northern regions there have been serious difficulties in issuing goods against a sale receipt and specific checks already paid in.

The government of Russia has been incapable of resisting pressure from the republics, krais, and oblasts. Many experts regard this as *a real threat of disintegration of the Russian Federation's economic space into separate regions with special regimes for economic activity, after which there may soon be a radical disintegration of state regulation, with unforeseeable consequences.*

There is, however, another significant aspect to the issue being analyzed. The fact is that *in the overwhelming majority of cases, regions are incapable of coping with the very acute social, environmental, and economic problems that arose within in the system of the unified national economic complex of the USSR and were never regarded as strictly regional.*

Let us limit ourselves to just one example—the situation in Chelyabinsk Oblast, where for many years the Mayak nuclear giant operated (three major nuclear accidents have been recorded), where one of Russia's largest metallurgical complexes is located, and where enterprises of the military-industrial complex and heavy industry (natural resources here are at the brink of exhaustion) occupy

a major place in the structure of industry. Fixed capital for industry and agriculture here is 60 percent to 80 percent worn out, man-made damage to the environment is counted in the hundreds of billions of rubles, the social structure in the oblast manifestly does not correspond even to average standards, and the demographic situation is steadily deteriorating.

It is quite understandable that the leadership in Chelyabinsk Oblast, using the example of other regions, in April 1992 appealed to the Russian Supreme Soviet, proposing that state measures be implemented to extricate it from the existing situation. The list of measures proposed is also understandable: the traditional exemption from taxes and excise duties for the state budget (except for 50 percent of value-added tax), the granting of preferential credits to support agriculture and carry out conversion in defense sectors (a total of about R4 billion), use of a certain proportion of precious metals and stones mined in oblast territory for local needs, and hard currency, customs, and other foreign trade privileges. The only, but the most important, distinction is the proposal to declare the entire oblast a zone of environmental disaster.

Understanding that no hopes can be placed in the Russian budget (nor likewise on centralized material-technical assistance) the regions are counting only on a certain economic respite (a holiday from taxes, hard currency, and so forth). However, the impression is being created that funds are needed not so much for the long-term liquidation of the consequences of the very complex problems, but rather for the notorious latest "patching over of holes": For example, requests for tax exemptions are more often than not extended to three or even all four quarters of a current year.

In this connection it is indicative that no one here has made any serious attempt to analyze the following questions. What, properly speaking, have the decisions on privileges for particular regions that have already been adopted given, and what will they give in the foreseeable future (to the entire population)? Under what specific programs have tax exemptions been granted or preferential foreign trade conditions introduced? How has this affected other regions, and the state budget as a whole?

Obviously in the years immediately ahead the regions of Russia will as before remain alone with their own tasks, and each of them will resolve these tasks primarily independently. An increasing proportion of what were previously centralized revenues will stay "at the local level," that is, the process of indirect tax and other credits will also develop henceforth. The sum of these credits is so considerable that if they had been passed through normal banking channels, solid guarantees would have been demanded for repayment, payment schedules for loans would have been determined, and so forth. Unfortunately, nothing of this kind is foreseen in our case.

Undoubtedly, centralized support of regions, including in the form of the state's renunciation of part of its own local revenue sources, is essential. But we are convinced that it should be done *in order to resolve really major, long-term tasks*. And we repeat that for this what is needed is programs worked out in detail and addressed to specific tasks, with clearly defined expected results.

It is difficult to assume that all oblasts would receive this help simultaneously. And indeed, this is not necessary, because in this case it would be insignificant, vague, and essentially meaningless. We think that it would be advisable to compile *a long-term schedule of tax and other exemptions for particular regions, calculated over three to five years and making provision for appropriate preparation done in good time by local organs of power and management, and also by all economic subjects operating on the territory of republics, krais, and oblasts*.

6. Free Economic Zones: Problems and Prospects

Everything set forth above also relates in the most direct way to the present quintessence of economic extraterritoriality—free economic zones—of which there are now more than a dozen in Russia. Their creation has evoked both many misgivings and many hopes. Neither the former nor the latter have been justified.

The zones were created not "in the open fields," but in inhabited territories and under conditions of very rapid socioeconomic deformations. And they did not come into being as point formations (as they predominantly are in all other parts of the world), but covered entire oblasts and krais, sometimes inhabited by millions of people. It was not, however, a question of any kind of serious programs with state and local support for the zones (unless we count the tax exemptions). Neither the state nor the local authorities invested a ruble in the preliminary ordering of the zone (and this, as is known, is the main condition for them to produce results). So the effect has still been minimal, and strictly speaking they should be talked of only as applied to the city of Nakhodka, Sakhalin, and Kaliningrad Oblast.

But the most astonishing thing in the short history of the Russian zones has been something else, namely, that *the potential freedom for zonal activity has been extended to a general Russian liberalization of foreign trade relations*.

Remember that the first state enactments on the creation of the free zones were passed in the legal vacuum that covered almost all questions of foreign trade activity; moreover, they were in fact based on the inevitability of the opposing interests of particular regions of Russia where laws of the USSR were in force at the time. As a result, each provision on the status of the zones had to include a multitude of positions concerning the general regulation of foreign trade activity. And after the new Russian Federation laws had entered into force, these positions became simply unnecessary. For example, those that were concerned with legal protection for foreign investments (clauses about guarantees against compulsory confiscation, payment of compensation and

the size of compensation, and so forth) fell into disuse as a result of the passage of the Russian Federation law "On Foreign Investments"; and this same law guarantees foreign investors unhampered export of profits. Likewise, many matters pertaining to currency regulation, opportunities for purely foreign enterprises to register in a zone, conditions for land use, and so forth, were removed.

The exceptional rights of the zone with respect to the customs regime turned out to be significantly abridged. Thus, the law "On Foreign Investments" extended the revocation of export and import licenses for all enterprises to whose start-up capital foreign investors had contributed more than 30 percent; this also applies to enterprises belonging wholly to foreign investors, regardless of their location. The law "On Customs Tariffs" permits all enterprises return of customs duties paid for goods imported into a customs territory for assembly, installation, processing, and further work when they are exported outside that territory within one year. And so on.

The new laws and edicts have abridged the exceptional rights of the zones in other ways. For example, whereas previously the normative for hard currency deductions was 40 percent for enterprises where there is no foreign investment or where that foreign investment does not exceed 30 percent, while in the zones it was reduced to 20 percent to 30 percent, the edict "On the Formation of the Republic Currency Reserve for the Russian Federation in 1992" made provision that for most enterprises there would be compulsory sale only of 10 percent of hard currency earnings. So in many zones the currency privileges have been virtually halted, except for enterprises that provide banking, transport, and other forms of service (as before, they must deduct 40 percent of hard currency earnings to the Russian Federation reserve over and above the 10-percent sale).

Obviously the idea of free economic zones in Russia is fated to experience a second birth. Everyone understands that *they are the only kind of disintegration of the economic space that is necessary and justified in all respects*.

It is just as obvious, however, that *the zones should operate on different scales and different principles*. Similarly, the situation with respect to "privileged territories" needs to have several very simple but mandatory conditions imposed in order to produce results from the work.

First, a zone should be set up and properly built—a plant, for example, or a farm. By the time that its normal activity commences (production, trade, customs, and so forth) and the preferential mechanisms come into play, it should have a territory, infrastructure, production areas for start-up, and so forth, that have already been put into place. Enormous funds are needed for this, and all this production work should be carried out under a specific executor.

Second, it is necessary to decide the main question immediately—the land withdrawn for the zone and the mechanism whereby it is allocated among potential owners.

Third, there must be no evasion of the question of the simple and crucial organization of the management structure for the zone. This may be a state corporation or a local association (strictly speaking, it can be whatever is advantageous), but whatever the case, this structure must guarantee the key, attractive condition in activity in the zone, namely that "everyone feels at home." It must be able to resolve a mass of organizational problems (registration, visas, customs, and so forth) on the spot and as quickly as possible.

Fourth, it is imperative that integrated normative-legal provision be made ahead of time for the zone to function, containing regulations for all aspects of the regime within the zone.

World experience convinces us that only unity of all the conditions set forth (rather than hasty and inconsistent actions by the local authorities) is capable of ensuring the proper effect from the creation of the zones.

Under Russia's specific conditions, in this connection it may turn out to be productive to use a nontraditional way to create zones, such as preliminary (and unrelated to future liberalized activity) engineering and infrastructure preparation for compact (this is very important) "turnkey" territories.

The analysis of the territorial disintegration of Russia, offered to the reader for the first time, lays no claim to the role of yet another charge against the reforms that have been carried out. The authors have pursued a different goal, namely, to show territorial disintegration as one of the most important guideline conditions against which it is necessary to check the sense and assess the consequences of decisions reached with respect to further reform in our lives. This is the more essential since the boundary of territorial disintegration beyond which total disintegration of social ties starts has already been crossed.

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ECONOMIC AND SOCIAL AFFAIRS

Foreign Economic Minister Aven Interviewed

MK2711153592 Moscow FEDERATSIYA in Russian No. 49, 24-26 Nov 92 (signed to press 23 Nov 92) p 2

[Interview with Petr Aven, Russian Federation minister of foreign economic relations, by "Ekho Moskvy" commentator Pavel Shirov and FEDERATSIYA correspondent Yelena Afanasyeva; date and place not given: "Government Will Not Give Up Its Trump Cards..."]

[Text] We are continuing the joint reports by FEDERATSIYA and the radio station "Ekho Moskvy." Today "Ekho Moskvy" commentator Pavel Shirov and FEDERATSIYA correspondent Yelena Afanasyeva talk to Petr Aven, Russian Federation minister of foreign economic relations.

[Shirov] Petr Olegovich, when did you become a minister?

[Aven] I was appointed 11 November last year as first deputy foreign minister and chairman of the Committee for Foreign Economic Relations. I became a minister somewhere around late January-early February.

[Shirov] People have arrived in the current Gaydar team by different routes. How did you become part of it?

[Aven] I had worked with Gaydar and Shokhin at the Academy of Sciences under Academician Shatalin. That was where we got to know each other. I shared a room with Gaydar for several years. I then went abroad for three years. When Gaydar got a chance to form his own government, he invited me to join him.

[Afanasyeva] Out of all the questions that you have to deal with, what do people ask you most often?

[Aven] They basically ask how I joined the Gaydar team. As for professional matters, they ask about where the foreign currency is going, why exports are declining, and how much money remains abroad. They also ask about corruption.

[Shirov] You became minister after the [abolition of the] notorious Union Ministry of Foreign Economic Relations, which was famed for being an excellent boondoggle for the children of the bosses. You inherited an odious ministry. Where did you start?

[Aven] Naturally, I started by setting up my own team. I replaced all the deputy ministers. And I reformed the team from top to bottom—from administration chiefs down through the ranks. You're right, it was indeed a very elitist and closed institution....

[Shirov] Did you meet with any resistance?

[Aven] At the end of last year the apparatus was so severely depressed and confused that there wasn't any.

[Shirov] Let's move on to professional matters. WE/MY, the newspaper published jointly with the Americans, has quoted the following figures: Trade turnover with foreign countries has fallen by 30 percent on average—the figure for the former socialist countries is 48 percent, and 24 percent for the capitalist countries, so the average is around the 30-percent mark. The elitist ministry used to trade in the black, but you've presided over a decline.

[Aven] Exports have fallen steadily since 1990, but they have been steadily rising since May this year. So I cannot accept your criticism. But I have no confidence in the figures you quoted—our own figures are considerably

lower. Moreover, most of our exports leave through unmonitored channels such as the Baltic. The unmonitored volume of exports is huge, but that isn't even the whole story. The main resource that yields foreign exchange for us is oil—oil exports used to bring in \$22 billion a year, but they only brought in \$7 billion last year. That means we've lost \$15 billion. This has been the main factor in the decline of our exports, and it is the factor which has depended least on the Ministry of Foreign Economic Relations.

[Afanasyeva] Do the problems of foreign exchange and the ruble-dollar relationship affect your ministry in any way?

[Aven] Yes, they do. Foreign exchange is primarily generated by exports, and we are responsible for them. But the rate and relationship between the ruble and the dollar is determined by the state of the money supply. If you print several hundred billion rubles in the space of a couple of months, the ruble rate will fall. But that question is outside my bailiwick.

[Afanasyeva] Is it the Gosbank's fault?

[Aven] Not just the Gosbank's—the government's too. Many factors are involved. The rate reflects the totality of the processes occurring in the real economy.

[Afanasyeva] You are constantly consulting with IMF specialists. One of their forecasts—at least, according to our press information—was that the dollar would hit 1,000 rubles [R] by the end of 1992.

[Aven] I haven't seen that forecast. Nobody can say whether it will be R1,000, R2,000, or R5,000. It all depends on the state of credit and monetary policy, which is itself determined by a range of political factors—political pressure, the amount of money being printed.... I just wouldn't like to make a best guess. A few years ago Andrey Vavilov—the current Russian Federation deputy finance minister—and I made a bet with a Western financier about what the rate would be in March 1991. The rate ended up being around R15-25, but we still lost. We had said it would be lower than that.

[Afanasyeva] What's your assessment of last month's sharp fall in the ruble rate?...

[Aven] It's a reflection of the policy and actions of the Central Bank, the growth in inflationary expectations, and the fear of something new happening [novovvedeniye] in the new year and the already announced 100-percent sale of foreign exchange....

[Shirov] Insofar as I recall, you were against this.

[Aven] I still think it's a good idea, but not right now. It has to be backed up by a whole range of factors. At the very least, before introducing 100-percent sales, we need to ensure relative stability in the rate.

[Afanasyeva] What about a ban on conducting trade in foreign currency?

[Aven] It would be sensible to make trading in rubles mandatory.

[Shirov] What are the current priorities in foreign trade with our nearest neighbors? The Baltic has been complaining that trade has totally dried up.

[Aven] We are working on the basis that it is not the state that is the main player in trade today but enterprises—and they trade wherever they can turn a profit. The Baltic is not the most profitable market for us. We used to trade with it because of common political considerations, thereby subsidizing the Baltic republics. Nowadays, of course, it is more profitable to trade for real currency rather than the Baltic countries' currencies.

[Shirov] What about the CIS countries?

[Aven] That brings up another money problem. There have been complex processes with Ukraine—it has issued a lot of money which has spilled over into our market. Of course, this does not suit Russia, which has tightened up its monetary policy.

[Shirov] But trade turnover with the former socialist countries is falling too, isn't it?

[Aven] That's not true. This year turnover will be higher than it was last year—particularly with Bulgaria and Romania. But think how many years we had traded with Poland, for example. We used to sell oil and raw materials, and get medicines and processed products in return. Now that we're no longer bound by our ideological commitments, our producers are selling their raw materials to the West, since that nets them foreign exchange. And East Europe has never been a particularly profitable market for us. It will take time before we find mutually acceptable new methods of trading with these countries.

[Afanasyeva] What would you say about the introduction of export tariff rates?

[Aven] The export tariff rates have been drawn up by a large number of academics. We are switching for the first time from the administrative regulation of exports to export tariffs. Naturally, mistakes have been made—particularly at the start of the year, when the rates were rather too high. But they are now realistic.

[Afanasyeva] Are these the new levers which differentiate your ministry from the former Union Ministry of Foreign Economic Relations?

[Aven] They're one of them. We are constantly trying to reduce the power given to our ministry by the authorities. To make who exports what a decision not for us but for normal auctions. And our authority, if we still have any, lies not in setting quotas but in laying down ground rules.

[Afanasyeva] But, however much those rules may change, you must still have some cards up your sleeve. What won't you give up?

[Aven] Laying down the ground rules is a trump card which the government cannot give up.

[Shirov] Petr Olegovich, the congress is around the corner, and a real struggle lies ahead. Are you and the government ready for it?

[Aven] We're ready to fight for our ideas—as to how it will end, let's wait and see. We knew what we wanted to do when we began, although we underestimated the difficulties somewhat. The political pressure has been greater than could have been foreseen. We also underestimated the amount of opposition to our ideas. And the time we have allotted to certain stages has proved to be far greater than we had planned. But we would like to keep on working until these processes become irreversible.

But then again...we're not the only economists in this country.

[Shirov] You're not the only economists.... The others have their own programs too. What is your attitude toward the other programs?

[Aven] I haven't seen a single realistic program.

[Afanasyeva] Many members of the Gaydar team were pupils of Academician Shatalin. You have even been called his favorite student. Why is your teacher not with you, and what is his attitude toward what you are doing?

[Aven] Stanislav Alekseyevich is sick at the moment and therefore cannot do any practical work. But he is closely following and supporting us. If he makes any criticism, it is good criticism.

[Afanasyeva] A few personal questions—you worked for three years in Vienna. Where did you feel more confident—over in Vienna or at home as a minister?

[Aven] I felt more confident over there. Even walking around outside, things somehow felt easier-going.

[Shirov] Do you walk around outside here?

[Aven] Not so much now. Ever since I appeared on TV a few times, people have started to recognize me and ask me questions.

[Shirov] Such as?

[Aven] "When will things get better?"

[Afanasyeva] If you had to choose the backing music to a program about you, what would you choose?

[Aven] The Beatles.

[Afanasyeva] What else do you remember from your younger days, apart from the Beatles and studying economics?

[Aven] I'm a typical product of my generation—the Moscow of the seventies. I studied at the famous No. 2 Mathematics School on Leningradskiy Prospekt, behind

the "Moskva" department store. And I lived nearby—on Dmitriy Ulyanov Street. It was a time when many things were opening up in Moscow, and we were able to read literature that had been unknown to our parents. That was a good time to be in Moscow. All my friends became mathematicians and physicists....

[Afanasyeva] And who has a more secure job today—they or you?

[Aven] They do, no question. But I think my job's more interesting.

[Afanasyeva] What do these friends think about your becoming a minister?

[Aven] They think it's funny. Physicists in general have an ironic attitude toward authority.

[Afanasyeva] It will soon be the first anniversary of your team's advent to power. No doubt there'll be a gathering. What toast would you be prepared to propose on that day?

[Aven] I wouldn't want to bang on about our achievements, but we have accomplished a few things. And we've all drawn closer together. For me, the main result of the year is that, if we do have to leave, we won't stop being friends. I'll drink to that.

Yeltsin Signs Decree on Diamond Sales

OW2111044592 Moscow INTERFAX in English
1721 GMT 20 Nov 92

[Following item transmitted via KYODO]

[Text] This week Russian President Boris Yeltsin signed a decree "On joint stock company on extraction and realization of diamonds" foreseeing the transfer of the exclusive rights to realize the unprocessed diamonds at a foreign market to the joint stock company "Diamonds of Russia-Sakha" established on August 26 this year.

According to the document, before December 1, 1992 the Russian government should present its proposals on the principles of distribution of the currency profits received by the company thanks to the sale of the natural diamonds.

The presidential decree determines that "the supervision council of the company assuring a state control over its activity comprises representatives of the Finance Ministry, state committee on property, anti-monopoly committee, precious metals committee, appointed by the Russian government.

Roskomstat Publishes Military Conversion Data for November

LD2511170692 Moscow Russian Television Network
in Russian 1700 GMT 24 Nov 92

[From the "Vesti" newscast]

[Text] Today Russia's Roskomstat [Russian Committee for Statistics] published data on the conversion of military production for November of the current year. Conversion is taking place at over 600 enterprises in the defense complex. Two years ago, the defense production share at these enterprises was 51 percent. By the end of 1992, it will amount to 26 percent. Admittedly, the halving of military output that we can see has not so far, unfortunately, been counterbalanced by any growth in civilian production. That growth amounts to just 9 percent. This is in regard to production. As for employees, the statistics are as follows: Of some 900,000 people shaken out of defense work, 536,000 will work in civilian production in the same sector; for 300,000 people there are no prospects of finding work at the moment.

Land Reform Chairman Komov Sees 'Irreversible' Change

934A0278A Moscow ZEMLYA I TRUD in Russian
No 41, 9 Oct 92 pp 2, 5

[Interview with N. Komov, chairman of Russian Land Reform Committee, by G. Vasilyev: "What Form Should Land Relations Take"]

[Text] Land reform is rightly considered to be the foundation of the rural changes now under way. But the course of these changes have recently come under heavy criticism. Some express dissatisfaction with the slow pace of the reforms, while others, on the contrary, say the reforms are ill considered and are being carried out too hurriedly. What are the views on this matter of the leadership of the Russian Land Reform Committee (Roskomzem), and in particular of its chairman, N. Komov?

"We are far from thinking," he said in a conversation with our correspondent, "that everything in implementing land reform is going smoothly. Quite a few blunders and mistakes have been made in the course of it. At the local level, there is still a lot of redtape in allocating land, especially land for private farms. This is also indicated by numerous complaints that Roskomzem has received.

"Often farmers don't receive the amount of land required for normal and effective farming. And if they do get enough land, they own it in one place, lease it somewhere else, and simply use it at yet another location. And each of the tracts are several kilometers away from each other, which makes farming much more difficult. Foreign practice and our own shows that it is illogical to give a farmer land that is far away from any towns. Many farmers are going to want to live in their native villages all the same, where social and living conditions are already more or less tolerable.

"But still, despite the mistakes in carrying out land reform, it can be said to have taken on an irreversible character. Some 49 million families in Russia now have plots of land, and one-fourth of all major agricultural

enterprises have begun reshaping their production relations. Rural Soviets have 27 million hectares at their disposal, and the republic land redistribution fund holds 13 million hectares.

"And while 49,000 private farms were created last year, they numbered 110,000 by the start of this year's spring field work, and now there are nearly 135,000. The average size of a private farm is 41 to 42 hectares."

[Vasilyev] Nikolay Vasilyevich, despite the clear growth in the number of private farms, they account for only an insignificant percentage of total republic agricultural production. The main goods producers in the countryside remain and, to all indications, will continue to be the kolkhozes and sovkhozes, which is to say highly mechanized large farms with developed production and social infrastructures.

[Komov] In any case, that's true of the near future. But there is no disputing the fact that production relations on collective farms have to change in such a way that their workers acquire incentives to farm the land in a prudent fashion. A good many rural collectives are now taking decisions to convert their property into joint-stock property, which enables kolkhoz and sovkhoz workers to become co-owners of the land and property.

At the same time, the right to choose forms of economic management and ownership has been granted by law to the farmers themselves. And that right was reaffirmed by the government resolution "On Agrarian Reform in the Russian Federation" (March 1992). Under no circumstances can there be infringement of the unconditional right of any member of a kolkhoz (sovkhoz employee), cooperative, association, joint-stock company, association, or other entrepreneurial structure to leave with his own share of land and property in order to set up a private farm. Especially considering that the equality of all forms of economic management and ownership is enshrined in law.

One of the chief objectives of land reform is land redistribution at the discretion and in the interests of the farmers themselves—in order to foster conditions for the equal development of various forms of economic management and the establishment of a mixed economy. However, reforming economic and land relations is a complex process that takes a lot of time and scientifically substantiated, well-reasoned approaches and state regulation.

[Vasilyev] You will agree that any reform should above all promote economic recovery and a healthier economy. Today the opposite is taking place in rural areas. Production of virtually all types of agricultural output continues to decline, and the number of money-losing farms is growing. What, in your opinion, has to be done to resolve the crisis in the agrarian sector, to establish order on the land, and to increase its yield?

[Komov] First of all, we must do everything in our power to enable private farmers to become the masters and

owners of concrete tracts of land. And we should subsidize and finance the private farmer in particular, not various administrative and managerial structures, as has been the case up till now. Take, for example, the former Glavnechernozemvodstroy [Chief Administration for Non-Black-Earth Zone Land and Water-Resource Construction]. For more than 18 years, organizations of that agency were allocated state capital investments for land reclamation. They themselves selected tracts for water-resource work, drew up the plans, inspected and certified water-resource installations they themselves had built, and evaluated their quality. But the farmer, strangely enough, remained uninvolved in this important work. Naturally, such a flawed practice couldn't do much good. True, there was a short-term, negligible increase in harvests, but on the whole land quality was not improved and its yield did not increase.

Consequently, funds for increasing land fertility should be allocated, as I mentioned, directly to the land's owner, in the person of the private farmer, who has an incentive to use them wisely and effectively. But even under this approach, under no circumstances can we rule out state regulation of land processes. And this refers not to petty tutelage of private farmers, but to the regulation of land relations throughout Russian territory and the implementation of a state policy to protect and increase land fertility. These functions have been assigned to Roskomzem and its local agencies.

Today more than ever, the land is in need of protection and care. It has been badly depleted, and the quality of a sizable portion of all arable land and all land planted to feed crops is unsatisfactory. More than 38 million hectares (18 percent) are too moist, swampy, or strewn with rocks, and nearly 40 million hectares (20 percent) are saline. The soil layer is being destroyed over large areas, and humus content is declining. One-third of all arable land and half of all farmland have been exposed to erosion. Erosion causes annual losses of 1.5 billion tonnes of fertile soil, which represents 15 million to 20 million tonnes of nutrients. In other words, erosion destroys as many nutrients as are deposited in the soil in roughly 10 years' time. In view of this, our committee, in conjunction with a number of concerned ministries and scholars at the Russian Academy of Agricultural Sciences, has drawn up a comprehensive state program for raising soil fertility in Russia. The program is currently being reviewed in the government. It calls for land reclamation, the use of chemicals to improve land quality, and a large volume of erosion-combating and other efforts. It is intended to lay the foundation for effective work by all categories of farms and for the development of a mixed rural economy.

Implementation of the program in 1993-1995 will cost nearly 50 billion rubles in 1991 prices. At first glance, this would seem to be a lot. But it is not hard to find this money. This amount is equal to annual revenues from land fees in the republic, which we are proposing be used to increase soil fertility. I think that we will be supported. After all, to a considerable extent this will determine our

success in efforts to reform land relations. In carrying out the program, it is important that the land—regardless of who owns it (the state or private individuals)—becomes a form of capital everywhere. And capital, needless to say, has to have a price—a genuine, objective price. This will make it possible to eliminate the perception that land belongs to no one and will improve its use.

[Vasilyev] At the same time, I've heard a number of farm workers say on several occasions that if the land becomes a form of capital, that means there will be buying and selling of it and land speculation.

[Komov] That possibility cannot be ruled out if we fail to devise and make use of an appropriate legal and economic mechanism. To put such a mechanism into effect, we have drawn up an entire package of documents on this matter. They include a draft Russian presidential ukaze "On Managing Federally Owned Lands." Efforts to bring order to land relations and to establish strict oversight of land movement in its buying, selling, and mortgaging will be promoted by the conversion of the Rosselkhozbank [Russian Agricultural Bank] into a state joint-stock Land Bank. A draft presidential ukaze on its formation has already been prepared. It must be said that Russia once had such a bank. And today, given the development of a mixed economy and the existence of various forms of land ownership—including private ownership—and the establishment of market relations, such banks are vital. This will help prevent the development of bureaucratism, corruption, and a number of other negative phenomena, which are already present in efforts to resolve land issues.

The drafting of a government decree that will establish procedures for offering land to foreign physical and juristic persons and enterprises with foreign investments is nearing completion. These and other documents are designed to establish state regulation of land relations. This regulation is intended to ensure that every tract of land is used strictly for its intended purpose and to prevent land speculation. As for urban tracts of land, no one intends to turn them over for private ownership. They will continue to be offered for lease, for the most part.

[Vasilyev] Incidentally, as regards leasing. Lately people in our country seem to have forgotten about it. There is more and more talk of ownership. Yet many countries have rather highly developed and effective lease arrangements, including in agriculture.

[Komov] You have touched on a very topical issue. We in the Roskomzem believe that the land should have owners. These owners, in turn—be they a state organization, a kolkhoz, a private farmer, or the owner of a garden plot—will offer land for lease and lease it themselves as necessary. For example, some one might move, fall ill, or be temporarily unable to work his land, or someone might want to go into livestock or poultry raising and need additional lands. And without any doubt, lease relations should play an important role in

land turnover and become an additional source of profit and financial revenue for the state, to be subsequently used for federal and other land reclamation programs.

In the United States, for example, of a total of 916 million hectares, over 300 million are federally owned. The latter is used for various kinds of preserves, conservation lands, experimental stations, stock farms, and strain-testing stations. Federal land management agencies (like our land reform and land resource committees) frequently offer their lands for lease. The money paid by the lessees goes into the federal budget and is used to implement federal programs.

This, you could say, is a normal land turnover system, something that we don't yet have. If we did have one, we wouldn't have to worry about allocating 50 million rubles for the aforementioned comprehensive program for enhancing soil fertility in Russia. Nor would we have the charges that our committees are dragging their feet in Moscow Oblast and other major industrial centers in resolving the issue of providing plots to urban residents. Under land relations based on the operation of an economic mechanism, organizations that want to obtain land for a city will have to concern themselves first and foremost with coming up with money and resources to prevent any decline in agricultural production and ensure that no harm is done to the interests of citizens who reside in a given area.

Unfortunately, civilized land relations in our country are in their infancy. But there is reason to think that they will be established universally in the near future. And this possibility is a result of the growing number of concrete owners in the form of private farmers, the establishment of joint-stock companies, whose members are becoming full-fledged co-owners of the land and other means of production, and the reshaping of economic relations on kolkhozes and sovkhozes.

Conference on Aviation Cooperation Held

934.40320A Moscow VOZDUSHNYY TRANSPORT
in Russian No 42, Oct 92 p 5

[Article: "The Sky of Cooperation"]

[Text] The Second Scientific-Practical Conference "The Sky of Cooperation," convened in compliance with a decision of the First Conference, held in Riga in 1991, was held in Novosibirsk from 24 to 30 August 1992. The conference was organized by the Independent Air Law Institute, the Aviation Safety Foundation, the "Konversiya" foreign economic production-commercial firm, and the company "Novaya Sibir." The administration of Novosibirsk Oblast provided active assistance in conducting the conference.

Representatives of state government organs and administrations as well as of public commercial organizations of the Eurasian region and a number of other states took part in the conference.

Our correspondent asked the conference co-chairman, Aviation Safety Foundation President V. Shchelkovnikov, to explain the decisions of the high-level meeting. Here is what he said.

It was noted at the conference that legislative and executive organs of former USSR republics were informed of the results of its work in compliance with the concluding act of the First Conference: A number of decisions were implemented.

Certain decisions were left unfulfilled, owing to political processes that had occurred in the period between the first and second conferences. In addition some of the decisions of the conference were not fulfilled at the fault of the permanent executive organ of the conference.

The conference resolved: to form an executive committee of the "Sky of Cooperation" Conference; to confirm Professor Yuriy Nikolayevich Maleyev as the president of the conference's executive committee, and Aleksandr Ivanovich Travnikov as the conference's executive secretary; to empower Yu. Maleyev and A. Travnikov to form an interim working executive committee, the membership of which is to be approved at the Third "Sky of Cooperation" Conference

Experience in establishing state, commercial and public structures in aviation and the economic and legal aspects of their activities were discussed during the conference. As a result of the discussion the conference participants concluded that the crisis in the legal, economic and organizational spheres of activity of aviation and in utilization of air transport has deepened. We felt that the problems facing aviation could be solved only on the condition that the efforts of all state, commercial and public structures and citizens interested in its development are united.

It was recognized that the conference could have a positive influence in shaping public opinion in order to hasten adoption of decisions by state organs regarding aviation activities and use of the airspace.

In order to achieve the fullest possible introduction of national and international experience in developing air transport and organizing the use of airspace, and to unify the standards, rules and procedures ensuring safe and effective air traffic and create favorable conditions for the activity of aviation, the conference participants deemed it necessary:

- to draft a regional international legal act;
- to work out the mechanism of utilizing the manpower and equipment of the air defense forces in the interests of improving air traffic control (ATC);
- to determine the list and locations of air defense subunits that could be utilized in the interests of ATC, especially in remote and hard-to-reach regions;
- to develop proposals on effective use of technical resources for planning and monitoring use of airspace by air defense forces and the air force in the interests of air traffic control;

- to develop proposals on utilizing the low-profitability satellite data transmission, communications and navigation system.

Opening new international air routes, building and renovating airports and creating conditions encouraging international air tourism were recommended as ways to develop international business and humanitarian ties and to obtain additional hard currency income.

In order to hasten introduction of new international air routes over the Arctic Ocean, Siberia and the Far East, making it possible to shorten the routes of airline companies flying from North America to Southeast Asia and back, it would be suitable to open up a subsidiary account with the World Aviation Safety Foundation, which is to be formed out of financial contributions from interested airline companies, insurance companies and other organizations, and which is to be spent specifically to teach English to aviators, to introduce radio engineering equipment and to solve social problems. In this case the collected assets will be spent under the supervision of the international aviation community.

The conference felt it necessary to solve the following problems on priority during the transition of the air transport system to market relations:

- allocating airports and the organs and equipment of the system for utilizing airspace out of the composition of air transport enterprises before or simultaneously with their conversion into joint-stock companies;
- privatizing state airline companies and airports;
- excluding functions of civil aviation departments that interfere in the economic activities of air transport enterprises.

In the opinion of the conference such functions should include: direct distribution of resources outside the market, including aircraft, aviation fuel and spare parts for aircraft, distribution of the geography of the routes of regular flights and carriers, including the airlines, types of aircraft and the frequency of their flights on domestic air routes, establishment of the rates for regular domestic air shipments, direct financial assistance to airline companies taking the form of subsidies, interest-free loans and capital investments, and centralized redistribution of profits and income.

The principles of the "Sky of Cooperation" are incompatible with prohibitions and limitations such as the limit on purchase of aircraft, fuel and other materials and equipment.

In order to demonopolize the state property of airline companies, we feel that we should permit the use of all forms of joint-stock companies and privatization that are foreseen by law, without exception, including ownership of controlling shares by other than state entities. Public hearings can be held for this purpose when distributing airlines between airline companies under all

forms of ownership. The conference noted that implementation of plans to improve the ATC systems on the territory of the former USSR could be most effective if this is done through international organs specially established for these purposes. Associates of such organs must possess the status of international officials.

Specialists of the "Sky of Cooperation" recommended to aviation department executives that they devote priority attention to the following basic directions:

- developing general-purpose aviation;
- developing and adopting legal documents and technical standards regulating activities of general-purpose aviation;
- ensuring favorable conditions for use of airspace by general-purpose aviation;
- adopting legislative acts foreseeing the right of private ownership of aircraft, airfields and the technical and operational base;
- providing maximum possible access of users of general-purpose aviation to air navigation information, weather support and use of ATC radio equipment.

Recognizing that the ATC system on the territory of the former USSR is in a crisis state, the conference felt it necessary to devote special attention to the problems of organizing use of airspace and air traffic control, viewing them as problems of the national security of any state.

The conference appealed to all states to create a unified ATC system on the basis of the principle of goodwill, taking the principle of the work of Eurocontrol as their economic basis. The executive committee was instructed to prepare legal and economic approaches and justifications regarding this issue.

As regards regional regulation of air transport activity, the conference felt it suitable to recommend state regulation of the development of aviation at the level of large economically developed regions in the direction of demonopolizing the air transport system, both in relation to structure and in relation to capital, and establishment of state ATC enterprises, joint-stock companies in airports (with the controlling block of shares under state ownership), joint-stock airline companies (with the controlling block of shares under state ownership and the right of veto) and limited partnerships (or joint-stock companies) providing for the infrastructures of air transport and repair.

It would be suitable to reconcile the interests of members of an enterprise's labor collective by establishing joint-stock companies founded by workers of the labor collective.

Practical establishment of the new regional structures must be preceded by organization of special training for entrepreneurs, executives and other specialists.

The executive committee was instructed to organize a working meeting of private airline companies in order to protect their interests, and to organize training courses for specialists in air law.

Help for Aviation Fuel Crisis

934A0324A Moscow VOZDUSHNYY TRANSPORT
in Russian No 42, Oct 92 p 1

[Article by B. Sidorenko: "RITEK's First Steps: The New Company Will Have an Influence in Overcoming the Fuel Crisis in Aviation"]

[Text] Among the many joint-stock companies and exchanges that are currently coming into being, the Russian Innovational Fuel and Energy Company (RITEK) necessarily had to attract my attention. Given the extremely acute fuel crisis experienced by aviation, any attempts to alleviate this problem, and to find a possibility for replenishing the exhausted reserves of GSM [fuels and lubricants], are of special interest.

The RITEK came into being in March of this year. Its founders include the international concern "Langeasur-aykagolymneft," the firm "B-Gas-C," the company "Transneft," the association "Neftespetstranstekhnologiya," the concern "Neftegazmash," the International Fuel and Energy Association, the joint-stock company "Rosneftegazstroy," and the consortium "Ekoprom."

Company executives reported at a recent press conference that over two-thirds of the available assets will be invested into restoring inactive oil wells and placing new oil and gas deposits in Western Siberia into operation, building gas-chemical plants in Surgut and Nyagan, producing oil equipment in Sevastopol, St. Petersburg and Tula, into oil and petroleum product trade, and into participation in privatization of state enterprises within the fuel and energy complex.

It is gratifying to see that the new company has gone from words to specific deeds. A large number of previously inactive wells on the territory of the "Kagalymneftegaz" Production Association have already been restored and are producing oil. Five repair and restoration brigades are widening the front of their work.

"To what degree can RITEK help to alleviate the fuel crisis in aviation?" I asked the conference organizers.

I was told that aviators of Western Siberia would of course be the first to gain from activities of the RITEK. And after high-octane fuel refineries are established in Surgut and a number of other places, a real possibility will arise for overcoming the fuel crisis in other regions.

Aviation Associations Meet

934A0324B Moscow VOZDUSHNYY TRANSPORT
in Russian No 43, Oct 92 p 2

[Article by S. Maslov, president, Russian National Aviation Association: "NAAR Extends Invitation to Conference"]

[Text] The Central Council of the National Aviation Association of Russia (NAAR) is asking NAAR members and aviation organizations of the former USSR DOSAAF [Voluntary Society for the Promotion of the Army, Aviation, and Navy] to consider the following matters in connection with the association's second conference.

The financial status of aviation organizations in the former DOSAAF continues to be complex. State budget allocations have been diminished. Legal uncertainties are making themselves known. Dependence upon the "center" persists. The accident rate has risen noticeably, and personnel turnover has increased. For practical purposes, most aviation sports clubs have done away with flying operations.

The situation is not a simple one. On one hand Russia now has the possibility for developing general-purpose aviation—business, amateur, private and sports. On the other hand the aviation infrastructure of the DOSAAF is falling apart due to the absence of a right of succession. And this well-tuned system of airfields, aircraft, buildings, structures, repair plants, aviation schools and trained personnel is something on which general-purpose aviation could base its activity.

The Central Council of the NAAR took steps to establish general-purpose aviation. A decision on legal matters—to have the Air Transport Department of the NAAR delegate the right of certification of airfields, aircraft, aviation personnel and licensing—must be approved. The fastest possible resolution of these matters will help to establish a base of legal standards for general-purpose aviation and to reach the charter objectives of the NAAR in the interests of aviation sports and of business and amateur aviation.

The NAAR Central Council suggests that the indicated matters be discussed at the second conference, which is planned for 24 November 1992 in Moscow. Representatives of aviation organizations are invited. The standard number of representatives is to be one delegate from every organization, elected by a meeting of the labor collective. Representatives are requested to have the appropriate excerpt from the minutes of such a meeting in their possession.

THE AGENDA:

1. Problems of developing general-purpose aviation.
2. Amendments to the NAAR Charter.
3. Final elections to central organs of the NAAR.

Delegates are requested to prepare themselves to speak on the issues to be discussed.

The contact telephone number of the organizing committee in Moscow is (095) 490-11-95.

Thermoplane Highlighted

934A0324C Moscow VOZDUSHNYY TRANSPORT
in Russian No 44, Nov 92 p 6

[Article by G. Ponomareva: "The Difficult Fate of 'Article 4000'"]

[Text] "We mustn't bury science!" was the refrain heard at the scientific-technical council of the "Thermoplane" program, which recently met in the Moscow Aviation Institute.

As we reported earlier, scientists of this institute have developed a dirigible with a disk-shaped hull that journalists have already christened the "flying saucer." The program to develop and utilize the thermoplane was approved by the government of the previously existing USSR. More than a couple of dozen enterprises were brought together for the "Thermoplane" program. Including such well known ones as the "Energiya" and "Molniya" scientific-production associations, the Academy imeni Dzerzhinskiy of the Ministry of Defense, and the Design Office imeni Tupolev.

The unique craft is a qualitatively new transportation resource. It does not require airfield support. It is not difficult to operate. It is extremely economical (fuel consumption is three times lower than that of a Boeing). Its chief merit is its high lifting capacity. It can be used to deliver large-sized cargo weighing up to 600 tonnes to hard-to-reach areas of Siberia, the North and the Far East. It provides door-to-door transportation without transloading and intermediate bases. An undoubtable plus is its ability to perform installation operations.

Oilmen and gasmen are interested in the thermoplane as a means of delivering drilling rigs; builders, geologists, gold miners and power engineers are interested in it as well. They have even provided money for construction of an experimental scale model. "Article 4000," which is five times smaller than a full-sized thermoplane, was built at the Ulyanovsk Aviation Complex (presently the Aviastar Joint-Stock Company). In the words of general designer Yu. Ishkov, the craft was destined to be born and to die in the assembly shop. It was dismantled in order to check out the residual stresses on the power generating structures. The main goal of the effort was to practically verify the theoretical calculations, to obtain experience in assembling the craft, and to test the reliability of the outer hull. Incidentally, administrators of Aviastar did not allow the thousand meters of excellent rubberized lavsan to go to waste. When the craft was dismantled, the silvery fabric was in great demand. It is said that it can be used to make tents, kayaks and other fishing essentials.

It looks as if "genus Thermoplane" has reached extinction following the first experimental model. The second was to undergo flight tests in Volsk, at the Aerostatic Equipment Testing Center, and in August of next year it was to be demonstrated at the air show at Le Bourget. But nothing will come of this—the work has been halted for practical purposes, because there is no money. The "Thermoplane" program does not receive any financing from the budget. And the clients have reconsidered investing money into it. Representatives of the concern "Gazprom," for example, wanted to wait until they saw the flight tests of the first model. They have doubts regarding the craft's stability. Millions have been spent, with nothing to show for them as yet. Obviously other sponsors feel the same way. This year all work on the thermoplane was done "on loan." The developers received only 5 percent of the sum they were promised. This is the fourth month they have not received any wages. If things keep going this way, the idea itself of creating the thermoplane will be frozen for a long period of time. And in the worst case, the results of the work already done will be lost irretrievably.

It's regrettable. A burdensome path 10 years long has been traveled, the idea was carried through to the level of flight tests, and now everything is falling apart. Besides the fact that the craft is something the national economy needs, it is also a "child of conversion." Airplane fuselages, ground aircraft support equipment and some components of dismantled military technical facilities could be utilized in its construction. Not to mention utilization of the productive capacities of that same Aviastar. Shops containing unique equipment and cranes capable of millimeter precision are now assembling furniture.

In the meantime interest has been shown in the thermoplane idea abroad. In just the last few months, eight foreign delegations have visited Ulyanovsk. Australian television has asked for filming permission. France's National Aerodynamic Research Bureau has offered its assistance. Businessmen would like to establish a joint-venture on the basis of the well known principle: "Your ideas, our money." For the moment the collective of the Thermoplane Design Office is rejecting the tempting offers from beyond the border. Will their patience last?

Must our science have only one path open to it—a westward one?

Former Aeroflot Deputy on Branch's Disintegration

934A0319A Moscow VOZDUSHNYY TRANSPORT
in Russian No 43, Oct 92 p 9

[Article by V. Kolosov, chief specialist to the Mayor of St. Petersburg's Committee on Transportation and Communications, under the rubric "Timely": "Reality and Illusions—Let Us Not Look Around at Others"]

[Text] A great deal is being said and written about the problems connected with the collapse of Aeroflot, the

aging of the aviation equipment, the decline of the trademark in the world market for aviation services, and the uncontrolled process of disintegration of the organizational and economic structures. Aeroflot veteran V. Kolosov has his own views on these matters. In Aeroflot he went from being a cadet in flight school to deputy minister. He was chief of the Leningrad Aeroflot Administration for more than 12 years. He now works as the chief specialist to the Mayor of St. Petersburg's Committee on Transportation and Communications.

For decades the USSR Ministry of Civil Aviation had legislative (ensuring the functioning of the economic mechanism), executive, and a kind of judicial (the Disciplinary Code) power in the sector. And this did not exceed the framework of existing legal concepts because it corresponded to the basic principles of organization of state administration in the country, which followed from property relations.

Administration by directive constrained initiative in the local areas and led to development of an oversized monitoring apparatus. Already in the 1980's it had become obvious that the cumbersome, inflexible monopolistic structure of Aeroflot, or the USSR Ministry of Civil Aviation (which was the same thing), combining in itself economic activity and state administration, was economically inefficient.

Attempts to carry out structural transformations from above within the framework of existing laws did not produce the expected results. Realistic legal conditions for fundamental transformations in the sector arose in connection with Russia's declaration of sovereignty and the passage of fundamentally new laws. The Ministry of Transportation of the Russian Federation was temporarily, until the formation of market structures, charged with direct management of the enterprises, organizations, and institutions of civil aviation and forming Russian aviation companies on their basis.

Almost a year has passed. Practically nothing has changed.

The foundation of economic activity—organization and administration—far from moving ahead swiftly has proved to be in a kind of lethargic sleep.

The vacuum in organizational work from above was skillfully taken advantage of. A large number of aviation companies appeared who had nothing but the self-interested patronage of officials, the powers-that-be, and bunches of "business people" who successfully make money through intermediary functions between customers and the state aviation enterprises.

The major shortcomings in organization and administration are provoking the disintegration: individual collectives of subdivisions leave the aviation enterprises, which without considering the unity of income sources leads to unjustified dispersal and weakening of economic activity. Some administrative personnel, instead of performing their direct duties, are actively forming and

heading commercial organizations and invest the financial resources of state enterprises in their charter capital. The inevitable result is the appearance of irresponsibility and elements of anarchy and all-permissiveness. And that already meant the collapse of a system based on order and organization, which inevitably responded with a decline in work quality, including the principal criterion—flight safety.

There can be different attitudes on the question of whether or not we need to return to formation of a Ministry of Civil Aviation. Everything depends on what purposes are being pursued in this. Until very recently Aeroflot flew, speaking figuratively, further and higher than anyone. Other transportation ministries also staggered the imagination with their accomplishments. But in relation to the state and to the citizen of the country, in other words, to the potential passenger, their efforts recalled the joint efforts of the swan, crab, and pike [in the Krylov fable]. Let the citizen try to buy a ticket for a trip, so necessary in our country with its vast spaces, involving multiple modes of transportation. Who can be held to answer for rational use of state capital investment in the development of transportation? Why, with all our problems, were expensive airports built a few dozen kilometers from one another?

A whole list of such questions can be compiled. Without a unified state organ, a Ministry of Transportation, it is hardly possible to turn transportation in the direction of the people and the economy. The information boom occurring in the country is "pressuring" aviation employees as much as everyone else, giving rise to anxiety and uncertainty. The market frightens people in the way old men scare little children: using incomprehensible words and investing them with meanings that inspire fear which, along with the universal bazaars of speculators, is achieving its end. That the system will inevitably collapse with the transition to market relations is an untruth used to cover up the other, real causes. For the pilot, engineer, aircraft technician, as well as for a majority of employees in the other specializations a real market will hardly change anything: they always have to work well, on a professional level. Moreover, we always had a kind of market relations, but we were only "playing" market.

The central departments locked up almost everything connected with real economic activity for themselves and, possessing great powers of fantasy, buried the enterprises in all kinds of norms, coefficients, conditional prices, conditional indicators, income rates, and so on. It is hard to say whether it is harder to achieve a concrete goal in a real situation or an illusory one. Everything depends on who organizes the "game" and his inputs.

Until very recently the sector as a whole and most of its enterprises, despite serious problems, were successfully performing their missions. But today it is becoming harder and harder to work. People get the feeling that we cannot do anything, that we have no skills. I think that

this is untrue. For the active part of our administrative personnel entering real market relations means gaining confidence, interest, and meaning in work.

An example of this is the work of our offices overseas.

Despite the seeming attractiveness of forming joint enterprises with foreign aviation companies the question is not so simple, and it should be approached as an extreme measure on the governmental level with due regard for the prospects of receiving new aviation equipment. If a joint aviation company is formed just to carry on international flights, bringing in foreign capital will lead to a loss of the vitality of the national aviation company and a redistribution of hard currency revenue.

Only when the ruble is convertible is it possible to count on equal partnership and not to expect an orientation to immediate advantage and temporary difficulties. In this case it is useful to remember the experience of our work in the postwar period. At that time Aeroflot did not have DC-4 and DC-6 class aircraft. There could be no question of competition with the Western aviation companies. But as soon as the Tu-104 and Il-18 air liners came out in large numbers the situation changed immediately: passenger traffic rose sharply, service to passengers improved, and the geographical scope of international flights broadened. Aeroflot was universally recognized.

It is a different situation today.

You can, of course, talk about the fact that some classes of our planes have become outdated, about the high fuel consumption, and so on. But that is not the main thing. Aeroflot is surrendering its stature more because of organizational chaos, unsatisfactory use of aviation equipment, poorer equipment maintenance, the increase in air incidents, theft of passenger baggage, and protracted public self-flagellation against this background.

In this situation it is wiser not to "look around at others," but rather to work on putting your own house in order, especially on organizational and personnel problems. Is the situation that has come about in Aeroflot that hopeless? Of course not, if concrete, purposeful organizational and administrative steps are taken.

First of all the Russian Government's charge to form aviation companies with economic independence on the basis of the aviation enterprises should be carried out. Experience shows that the processes of reorganization are not simple and painless; they require not just carefully thought-out decisions but also a great deal of explanatory work and preparation of the collective. It is much harder to overcome the inertia of people than the inertia of physical bodies. We should not wait for the completion of state divestiture and privatization; time has already been lost without that. The forms of ownership can vary, and they will develop depending on the reforms being carried out in the country. But we should not fear and serve the new extremism if large aviation companies are going to operate on the basis of state ownership (capital) as is the case in the FRG, France,

Spain, Italian, and other countries. That main thing is to get economic independence and the opportunity to attract stockholders from among the national enterprises and organizations.

It was formerly considered the rule that each air route would be operated by just one particular air carrier—there was someone to hold accountable for flight timeliness and meeting traffic demand. This eliminated any possibility of economic competition (competition was a heretical concept).

The time has come to break up the monopoly here too, introducing a certain principle of mutuality in flights. This is especially important in air communication among cities of the former Union republics.

The chronic failure to meet the air traffic demand makes it harder to reform trip sales agencies. But the monopolism of the Main Agency of Air Communication, the Central Agency of Air Communication, and other territorial agencies is no longer tolerable because it constrains the development of small trip-selling firms (including private ones), without whom a real improvement in this form of service is impossible. We must try to see that the tourist agents sell mixed-travel trips and package trips (travel, hotel, and rented transportation); this corresponds to the working practices of similar structures in a number of countries.

There is no doubt that the aviation companies of Russia will successfully take up the path of improving quality indicators and increasing the volume of air traffic and that they will revive the best traditions of Aeroflot. They have to.

Background to Threatened Air Controllers' Strike

934A0309A Moscow SELSKAYA ZHIZN in Russian
24 Nov 92 p 4

[Article by S. Borisov: "Second Attack: By the Russian Federation of Air Traffic Controllers' Trade Unions Against the Management of Civil Aviation, and Against Us Passengers"]

[Text] On 15 August 15 during the previous strike at airports, 247 flights were held up. As a result, civil aviation (which was already running at a loss), lost 80 million rubles and \$50,000 U.S. But whereas that category is subject to accounting, how can one measure the material and nonmaterial damage caused to passengers?! After all, some of them missed weddings, others—funerals, and still others—business meetings. Incidentally, in other countries passengers sue in court for such a cancellation of flights, and they are compensated not only for their expenses and lost time, but also for a missed opportunity to conclude a profitable contract. Such compensation is not yet paid in our country; furthermore, there is nothing with which to pay it.

Although the court ruled the August strike illegal, for all intents and purposes, it went unpunished for FPAD

[Federation of Air Traffic Controllers' Trade Unions], and the trade union has launched yet another offensive, announcing a new strike as of this 30 November. What is the union demanding? Let us note right away that most of its demands, such as the revocation of orders for administrative punishments and the dropping of criminal cases against air traffic controllers who carried out the illegal action on 15 August, are simply beyond the authority of trade-union agencies. On the other hand, some of the demands, such as clarification of the wage-rate agreement, can and should be resolved at the negotiating table, which is what the leadership of the Ministry of Transportation and the Department of Air Transportation had sought. But it failed to meet with mutual understanding. FPAD has taken a stand based on ultimatums.

In essence, one of the trade union's main demands has to do with raising wages. Yet one must say that today air traffic controllers are not the poorest people in Russia. Granted, their work is strenuous and tense, but not in a single country of the world do their colleagues enjoy the sort benefits that they do. Depending on their category and place of service, air traffic controllers' earnings today range from R10,000 to R40,000 a month. Here is an example of the spread. At the Pskov Aviation Enterprises, where, of course, the intensity of flights is incomparable to that in big cities, an air traffic controller earns R10,625, while in Vologda, one earns R16,500. In Moscow, where most of them are high-class specialists and their work load is immeasurably greater, wage rates are also higher. In recent months, the average earnings of air traffic controllers at the Sheremetyevo Airport there were as follows: July—R23,688, August—R22,156, and September—R36,126. At Vnukovo they averaged R32,000 for all these months.

And now, if the trade union's demands to bring absolutely everyone into line with today's earnings are met, it is hard to even estimate how much that would cost: after all, in order to raise the wages of 8,000 air traffic controllers, one would also have to raise the wages of other categories of aviation employees, of which there are 270,000. But since the state does not have the money, there would be only one solution: out: to raise the already-insane prices for airline tickets several times over. That is, to solve the problem at the passengers' expense.

Naturally, the management of civil aviation cannot take that step. The trade union is standing its ground. What can be done? When U.S. air traffic controllers undertook such a "measure" several years ago, the president simply fired 11,000 people, replacing them with military specialists. For us, however, the laws have not yet been written, and therefore the executives of the ministry and department, who have already learned from their relatively little, but bitter, experience, are preparing to soften the projected blow. While continuing negotiations with the air traffic controllers and trying to make them understand the ruinous consequences of their action for us all (it is already known that not all of them are

planning to strike), they are putting together reserve shifts and teams and enlisting military air traffic controllers.

A week remains before the strike. Or one could put it differently: "We have a whole week ahead." It is fully enough time to resolve the conflict intelligently and amicably. That was the note that concluded a Moscow press conference at which G. N. Matyushov, deputy minister of transportation, V. V. Zamotin, acting director of the Department of Air Transportation, and A. A. Godunko, director of the Administration for Monitoring the Execution of Laws in Transportation, appeared before journalists.

October Rail Performance Reviewed

934A0313A Moscow GUDOK in Russian 4 Nov 92 p 1

[Article by V. Chibisov: "On the Eve of the Cold: How the Unloading Went in October"]

[Text] Traditionally, in the last quarter of the year economic managers erase the imperfections that have been permitted in the months preceding. Judging from the reports on the work of the railroads in October, however, particularly with respect to the basic indicator of the activity—unloading, the directors of the divisions and mainlines are in no hurry to set the situation right.

As before, the situation is extremely tense on the Far Eastern Railroad. Because of a lack of coordination with the seamen, there is twice as much export and transshipment freight on the road as established by the norms. The average daily freight volume is 132 percent of the norm. The mainline has lost its maneuverability, and train traffic has come to a standstill. The working fleet of rolling stock has grown.

In order to ease the load on the mainline in some way or other, the Ministry of Railways was forced to resort to an extreme measure—to restrict freight loading in this region. Let us remember, this measure was also introduced in the preceding months. At that time it contributed to stabilizing the work of the mainline. This time, however, the Far East railroad workers could not make use of the "help," mainly because of the sluggishness of the road and division directors: the working fleet of cars was only slightly reduced (122 percent of the norm), and the local freight volume rose to 134 percent.

It must be said that each ban on dispatching causes the Russian national economy tremendous losses. In our case, the movement of freight abroad, transshipped—to Sakhalin, Kamchatka, etc.—was delayed.

Rolling stock processing is poorly organized on the Kaliningrad, October, Trans-Baykal and Baykal-Amur mainlines. With a considerable surplus of local freight, these railroads could not even cope with the unloading plan.

If you look at the divisions, only 25 out of 103 on the Russian Federation network ensured rolling stock processing according to the assigned turnover. A particularly alarming situation formed on the Vladivostok, Vologod, Orsk and Bashkir divisions.

A reduction in exactingness toward consignees with respect to processing rolling stock is noted practically everywhere, because of which the residue of cars that have not been unloaded has grown considerably. As compared with September, the residue increased by 375 cars a day on the October Railroad, and on the Northern and Kuybyshev roads, respectively by 334 and 364 cars....

Let us remember that the weather conditions in October were relatively favorable for transport work. The cold has still only slightly had its way. Indeed, the present failure is caused not so much by the change in weather as by the drop in the performance discipline of the railroad workers and responsibility for the job entrusted to each specific work section. This does not depend on the cold, which is just about to come in with full force. And then what? Watch out....

Rail Transport Safety Program Established

934A0313B Moscow GUDOK in Russian 6 Nov 92 p 1

[Article: "The State Program Adopted for Traffic Safety in the Railroad Transport of the Russian Federation"]

[Text] The government of the Russian Federation has approved a special State Program to increase traffic safety in railroad transport and create the conditions for its uninterrupted work.

It specifies equipping railroad transport with the most modern technical devices for preventing wrecks, accidents and other emergencies.

In particular, a system is to be developed to diagnose the reliability of the rolling stock, elements of the tracks and other equipment and to outfit the locomotive fleet with improved devices for automatic braking. They not only make the work of the locomotive crew easier, they also monitor the correctness of their action and ensure traffic safety in critical situations.

In order to create these reliable systems, the output of the necessary locomotive and track equipment and the development and introduction of devices to increase the braking reliability of the rolling stock, automated equipment, communications and electrical supply and many other things is specified. The program is calculated for the 1993-2000 period. The functions of buyer are placed with the Russian Ministry of Railways.

The administrative structures of the Russian Federation and other ministries, departments and enterprises take part in carrying out the program. The program will be financed through the investment fund of the Ministry of

Railways and a special fund for financing scientific-research and experimental-design work, and also through the extra-budgetary Russian Fund for Technological Development, the resources of the railroads and bank loans.

Because of the extraordinary situation with respect to traffic safety at railroad crossings, it is recommended that the allotment of funds for planned construction of overpasses, at places where highways and railroads with heavy traffic intersect, be specified by the governments of the republics included in the Russian Federation and the administrations of the krais, oblasts and autonomous formations. It is also recommended that effective measures be taken, in conjunction with railroad management, to ensure lawfulness and law and order at railroad terminals, on the trains and at railroad crossings.

Assistance is to be given in solving social problems in railroad transport, particularly in constructing housing and facilities for social-cultural and everyday purposes, organizing the supply of catering products, objects and essential goods and allotting land parcels for private subsidiary farming, horticulture and market gardening.

GUDOK will publish more detailed material on the State Program To Increase Traffic Safety in Railroad Transport for the Russian Federation.

Railroad Vandalism Losses Highlighted

934A0307A Moscow MOSKOVSKAYA PRAVDA in Russian 5 Nov 92 p 2

[Article by A. Davidyants: "Incendiarists Are at Work on All the Routes"]

[Text] Moscow railroad workers are threatening to halt electric train traffic, unless an end is put to transport vandalism

You cannot call what is happening on suburban trains anything but vandalism. Travel just once on an electric train on any Moscow Railroad route, and you experience for yourself all the "delights" of the undeclared civil war that juvenile hooligans have started. In one car the glass is broken, in another—the seats have been slashed, and in a third—the seats and everything in general have been torn up "by the roots"....

We have already written about this problem several times. Just what is happening now on the Moscow Railroad, if the transport workers want to take such an extreme measure as stopping traffic?

"Every time I go to work in the morning," says G. Martirosyan, chief of the Electric Train Department of the capital's mainline, "I worry about whether there has been a fire on the electric trains during the night. It is easy to see why—after all, while glass can be put back in, after arson, organized by the hooligans, it is sometimes impossible to restore the rolling stock, and there is nothing left but to write it off. Well, then, even if the car

has survived, it will have to be sent off for a long time for repair at the plant, with an investment of up to 2.5 million rubles [R] for this. Well then, in August and September, fortunately, the arson stopped. We thought that the hooligans were sick and tired of mocking us, but then, at the end of September and the beginning of October, a new crime wave occurred: in a short time, seven more cars had been damaged by fire! The arsonists are operating on all the routes—in Barybin, Loben, Nakhabin. Usually we could not manage to arrest them, but once in a train lay-up yard of the Domodedovo Depot, we caught a bunch of kids aged from 8 to 12 years. They had found an occupation: they soaked rags in a jar with gasoline, set fire to them and threw them in the windows of electric trains that were standing there. Fine, the railroad workers going past there noticed this. The last case, however, took place late in the evening at the Ovrashki Station, not far from Lyuberets. Three teenagers got off the train, and when it started up again, for some reason, they gave a sort of farewell salute to the assistant engineer standing at the doors. Sensing something wrong, the railroad workers passed along the consist and discovered that a fire had started in two cars. Only due to the alertness of the locomotive crew and the efficient actions of the firemen summoned was the rolling stock saved—this time.

Now let us become familiar with the statistics. They are horrifying: in the course of this year, there have been 28 cases of arson, and 40 cars have suffered. Some 60,000 square meters of glass have been broken, leatherette has been slashed and 30,000 square meters stolen, 50 radio-announcement amplifiers and 900 electric heaters have been stolen and damaged. The total loss from vandalism this year was R17 million.

The passengers, it is true, do not always see the consequences of these outrages. The railroad workers, despite the critical shortage of materials and their high cost, still manage to restore the damaged cars quickly at the depot and put them right back out on the route.

I think that this boundlessness is no longer in the same class with childish pranks. It is time to take the most decisive measures. It must be said, that a year ago a presidential edict was issued, which provided for considerable changes in the legislation and increased fines for despoiling railcar outfitting and other transport equipment. At first, all of us—both railroad workers and passengers—had at least some hope that this shocking behavior would stop. But how is it that, nearly always, there is a law and no results. The hooligans continue to operate. They take no great risk—electric trains are hardly ever accompanied by armed guards.

In talking to Martirosyan at the Ministry of Railways, I found out that this sort of vandalism is also widespread on other Russian railroads. The situation is worst on the Moscow Railroad, though—it is undoubtedly the "leader" with respect to the number of mutilated cars. Indeed, in general it seems that it has become unsafe to travel on the country's railroads today. Crime has risen

16 percent this year. It is reaching not only the electric train workers, but also long-distance train passengers—rocks are also being thrown through the windows. Cases of stealing, robbery and even murder, with the intent to rob passengers and conductors, have become more frequent. All this has made the directors of two ministries—the Russian Ministry of Railways and Ministry of Internal Affairs—decide to set up, in transport, special police subunits, equipped with firearms. They are to accompany every train, without exception—both suburban and long-distance. The guard for the consists will be organized through the funds of the railroads. This year they plan to recruit 4,250 policemen, and next year—8,300. It has also been decided to draw in staff policemen on their off-duty time, for additional pay, to keep public order on trains and at train terminals. Before the end of this year, measures should be taken to re-establish voluntary teams from among the railroad workers.... In short, with tremendous effort, to restore the real system of keeping public order, which has been destroyed today, but was effective before on suburban trains, when every electric train traveling in the evening and at night was accompanied by a detachment of policemen. There is a great deal of painstaking work ahead and, of course, it is still too early to say whether things can be put in order, as they were before, with respect to guarding the trains. The first months of the organizational period, however, already show that not everything is going as smoothly as could be desired.

On the Moscow Railroad, for example, the police are asking for associates who will escort electric trains, at an established wage of R9,000-10,000. If you consider, however, that this will require at least 20 persons on every route on the mainline, then all this will come to quite a tidy sum for the railroad workers to pay. On the other hand, the directors of the order-keeping organs, and indeed, even the railroad workers themselves, have no certainty that they will in general succeed in recruiting associates to guard the electric trains—people are not exactly jumping at the chance to do this work.

It would be very nice if the work begun by the order-keeping bodies, in conjunction with the transport workers, despite the difficulties, would be done as quickly as possible—after all, every day the railroad workers sustain colossal losses because of vandalism. The hooligans, as they say, are not asleep. One more reason to hurry things up: The patience of the workers on the "steel mainlines" is also apparently coming to an end. One confirmation of this is the recent open letter to Yuriy Luzhkov, the mayor of Moscow, from the workers at Locomotive Depot Moskva-2, who handle the perhaps most unfortunate Yaroslavl route.

The railroad workers report that recently the hooligans have been particularly insolent. They are literally plundering the driver's cabs of the rear-end car. When the locomotive crew, having reached their terminal, come to this cab, which has been empty until this time, to take the passengers in the opposite direction, they are faced

with a frightful scene. The train has actually been put out of commission, and they cannot guarantee traffic safety.

All this forced the depot workers to announce to the mayor that unless the city authorities take urgent measures to protect the trains from the barbarians, they will reserve the right to stop train traffic completely at night, when the hooligans make their raids. The letter is a cry of despair from the railroad workers.

Really, the order-keeping bodies and transport workers cannot solve this problem alone, without the municipal authorities. We need the active participation of the administrations of the cities of Moscow and the Moscow suburbs, who have for some reason withdrawn from it, apparently supposing that this is not their affair. The repeated appeals of the directors of the Moscow Railroad and the depot workers remain unheeded by the city and oblast fathers. Is it not better to solve the problem of guarding the train jointly. If there is no possibility of recruiting policemen, then perhaps, carry out joint patrolling with military subunits, as has more than once been suggested by the railroad workers and has already been done in other cities of Russia. In a word, we need to take urgent measures to save our rolling stock—or else it will soon be too late.

Transportation Construction Problems, Solutions Viewed

934A0288A Moscow AVTOMOBILNYYE DOROGI
in Russian No 7-8, Jul-Aug 92 pp 1-4

[Article by O.N. Makarov, vice president of the Russian Academy of Transport: "The Problems of Transport Construction"]

[Text] From 19 to 22 May 1992, the Russian Academy of Transport, the "Transport Construction" Division, the Ministry of Railways, the Ministry of Transport, the Transstroy State Corporation, the Rosavtodor Concern, the Rosrechflot State Concern, the Vladimir Polytechnical Institute, the GEK [State Expert Commission] NPO [Scientific Production Association], NPF [not further identified] "Poisk" held a scientific and practical conference: TRANSPORT ROSSII [Russian Transport], Its Problems and Ways of Resolving Them.

From the reports given at the plenary meeting, we publish an article on this subject by O.N. Makarov, the first vice president of the Transstroy State Corporation, and an article by V.A. Popov, vice president of the Rosavtodor Concern.

The list of reports delivered at meetings of the "Motor Roads" Section appears on page 30 of this issue of the journal, under the "Information" rubric.

It is common knowledge that the former union Ministry of Transport Construction has been abolished like other structures of this kind. The organizations and enterprises which were part of this ministry considered it necessary to unite on a voluntary basis to resolve the problems they

faced. The state approved of this association and it was given the status of the Transstroy State Corporation, as part of Russia's construction complex. A decree issued by the president of the Russian Federation charged the corporation with coordinating the activity of enterprises in implementing state programs for transport development, in conducting operations in emergency situations, and in performing certain other tasks.

Practically all transport construction personnel in the former union are actively cooperating with the corporation, and many organizations in the former union republics have joined it as associate members. In this way, by retaining the best traditions of transport construction personnel, a scientific, planning, industrial, and construction organization was formed with over 2,000 scientists and 12,000 planners, as well as highly skilled engineering and technical personnel and workers.

There is no need to speak about the importance of transportation routes in general, and especially for our large country.

All Russia's transport sectors are going through a difficult stage at present. The job of transport construction personnel during this period is to actively assist in bringing about the quickest possible stabilization of transport operations and normal functioning of the Unified Transport System (YeTS).

As part of the construction complex, transport construction is distinguished by a number of important features:

- the multisectorial nature of the projects, which makes it necessary to develop the following as independent subsectors: railroad construction, the erection of facilities for power supply, electrification, communications, and the STsB [signalization, centralization, and blocking system] of railroads; construction of highways and airports, ports and coast-protecting structures, bridge crossings, transport tunnels and subways; the erection of transport buildings; construction industry and machine building specialized to meet the needs of transport construction; and
- the joining of lengthy overland communications equipped with facilities of relatively small size (depots, freight yards, terminals, traction substations, and so forth) with facilities of large size (railroad junctions and stations; mooring complexes, terminals, and bases for the maritime fleet; airports, docks, large bridge crossings, and so forth).

It should be added that transport construction workers have the responsibility of restoring transport activity in emergency situations. I mean that transportation routes for regions, cities, and settlements are facilities for survival and are subject to restoration first of all.

These features predetermined the organizational structure of transport construction in accordance with the combined territorial-mobile principle, that is, there are large trusts which serve a region and there are mobile

subunits for line construction, as well as organizations of the fixed type which serve the major facilities.

The specific nature of transport construction dictated the unification in a single complex of scientific, planning, construction and installation, and industrial organizations to implement a complete investment cycle, as well as to establish and organize the output of specialized machinery, structures, and components.

But what is the role of transport construction personnel and what kind of influence can and should they have to increase the functional reliability and development of transport?

Transport construction has developed, as an independent sector, by carrying out purely contractual functions. At the same time, construction has been performed in accordance with the assignments of client departments to "increase the potential of individual types of transport." But the end product—"providing the national economy with guaranteed transport services"—remained the prerogative of the transport departments.

Transport construction has taken part in accomplishing these tasks mainly in the startup and adjustment period (the period of "provisional operation") of an individual element of the Unified Transport System, without practically interacting with other means of transport and without taking into account their additional contribution. In fact, the planning capacities, the construction industry base, and the organizational structures of transport construction were oriented toward and developed for this. This created the conditions for inertia in responding to the need to develop elements of the Unified Transport System.

The shift in the country's economic development to market conditions is related to the need to improve the entire infrastructure of the national economy, including the transportation system. The indicators for meeting the requirements for freight and passenger transportation, not an increase in transport volume, should be moved to the forefront. The role of the quality of transport services (quick service, the guarantee of freight security and delivery times) is increasing sharply. The emergence of the concept of high-speed, ecologically clean, specialized passenger railroads in the middle of the century was a result of these demands.

At present, there are already about 3,000 kilometers of high-speed mainline railroads (VSM) in the developed countries of Europe and Japan, more than 3,000 additional kilometers are being planned and built, a European VSM network is being developed, a VSM association has been established in the United States (seven projects), and the countries of other continents (Australia, Asia, South America) are actively engaged in work on VSM plans. Russia has been concerned with this problem as well. The president has issued an edict on construction of the first VSM from St. Petersburg to Moscow and the formation of a joint-stock company for this purpose.

The stricter requirements for tolerances with respect to physical and geometric parameters, reliability, and serviceability demand new structural and technological solutions from transport construction personnel.

Coordination of the means of transportation in interregional and long-distance service with interurban transport must be grouped with the problems of increasing functional reliability. Thus, the overall integration of city terminals and suburban platforms with the "Vykhino," "Tekstilshchiki," "Savelovskaya," "Belorusskaya," "Komsomolskaya," and "Kurskaya" metro stations at one time was implemented successfully so that the passenger could go directly from the railroad platform to the metro station. Together with this, metro stations such as "Rizhskaya" and "Tsaritsyno" proved to be sufficiently far from the railroad platforms that this created inconveniences for the passengers and surface transport, since the flows of people completely block traffic at street intersections near the metro stations during "peak" hours.

The problem of running high-speed rail systems deep into cities and combining terminal complexes with metro stations into single terminals will be a critical problem. World experience classifies this as one of the most complicated problems in organizing a high-speed rail network.

The rapid and convenient movement of passengers from airports to the city center is a problem that is no less important. The technical thinking of scientists and transportation engineers is concentrated on solving this problem by developing elevated railways for magnetic-suspension trains with speeds of over 500 kilometers per hour. It is believed that the most complicated aspect of this problem is maintaining steady magnetic contact between the undercarriage and the track, and attention is being devoted chiefly to the undercarriage. However, under our climatic conditions, the development of a reliable and geometrically stable foundation for track structures will be no less of a "bottleneck" in resolving the problem, and insufficient attention is being devoted to this question now.

In the cities today, a no less complicated problem is the ecological cleanliness of urban transport and protection of the environment from its harmful effect. This problem is among the most critical throughout the world, and it should be resolved by all means available, including by improvement in the designs of rolling stock, track structures, and protective facilities.

These problems have been handled in accordance with the residual principle in Russia for quite a long time. However, they should become a priority now, since they will have to be resolved at a faster pace. There should be an organization for this to respond quickly to eliminate "bottlenecks" in elements of the Unified Transport System and to determine priorities and select alternatives in developing existing elements and establishing new ones in the system.

Transport construction, in our view, has the opportunity to create such a system organizationally, since it has scientific research and planning and surveying institutes and specialized subunits which serve practically all types of transport. Drafting of an overall plan for development of the Unified Transport System should become the most important step in forming such a system.

And the tremendous creative and practical potential of the Russian Academy of Transport can and should play a key role in this effort.

As we know, the Academy of Transport has come forth with the initiative of drafting the comprehensive intersectorial program "Russian Transport," which embraces all the basic problems and means of transport. The general plan for development of the Unified Transport System should become the most important element in this program.

As of today, the principle factors which are impeding development of the YeTS are:

- the lack of general plans (forecasts) for development of the YeTS;
- the lag in the scientific and technical area;
- the weakness of the operational base of the YeTS and the base of transport construction in a number of regions;
- the lack of scientific studies and justification of concepts for development of the YeTS under market conditions;
- socioeconomic problems (confiscation of lands, encroachment on economic space);
- the shortage of funds and financing and investment systems which operate through the owners of transport, not directly through a bank; and
- the nationalist and separatist ambitions of individual regions.

The construction on schedule of high-quality, competitive facilities for a relatively low price is a basic condition for economic management under the market system, which is new for Russia. For this, we should continuously update the normative base, the standard planning solutions and the theories and methods of accounting for structures, the basic assumptions of individual project planning, construction equipment and technologies, material support for construction (the construction industry, bases for mechanization and complete sets of equipment), and construction management (at the operations level and at the level at which strategic decisions are made).

Naturally, this modernization requires a systems approach and a unified program of scientific research and development, the manufacture of prototypes of new equipment, the construction and study of experimental

facilities, and the development of norms and methods on this basis. The "Comprehensive Special-Purpose Program for 1988-1990 and up to the Year 2000 to Achieve a High World Technical Level in Transport Construction" ("World Level") was drafted by the former Ministry of Transport Construction. The Transstroy Corporation, as the ministry's successor, has reviewed and corrected this program with the participation of all organizations.

Within the framework of the "World Level" Program, 427 buildings and stages for 10 sections embracing all areas of transport construction have been completed over the past 3 years. Some 127 types of new equipment, including 58 models of machinery and equipment, 30 technological procedures, and 26 structures, were developed for these projects.

The expenditures to carry out the program over the past period totaled about 2.2 billion rubles [R], with a uniform estimated economic gain (R2.188 billion) by means of scientific and technical measures. The technical level, measured by the so-called generalized integrated indicator, increased to 0.77, compared with the 1998 level of 0.68, by the end of 1991 as the result of work conducted under the program. The highest world level was taken as a unit in these calculations.

As a result of carrying out the operations outlined by the program, it is proposed to expand implementation of scientific achievements with an overall economic gain of R5.254 billion (in 1991 prices) and to raise the integrated indicator of the technical level to 0.87 by 1995. In short, the measures outlined may be characterized in the following manner:

- for the 11 sections (the section "Protection of the environment" was added), provision has been made to develop over 500 types of new equipment in the period up to the year 2000, including 145 structures, 189 types of machinery, equipment, and instruments, 37 materials, and 178 technological procedures; it is planned to complete and issue 73 normative documents. Most of the work outlined should be completed by 1995.

With regard to the Russian Federation Academy of Transport's inclusion in drafting the national scientific and technical program "Russian Transport," it seems expedient to include all the basic objectives of the "World Level" program in it as an integral part of the subprogram "Transport Construction."

The scientific problems which arise in the program outlined to increase the technical level of transport construction are characterized in the following manner for the basic items.

In the field of **surveying and project planning**, the problems include further development of modern methods and technical means to obtain information on the project being planned, the features of the territory where it is located, and the conditions under which it will

function. Provision has been made to develop methods for aerospace surveys, to develop and utilize the latest geodesic instruments, and to develop and put into operation subsystems for automated engineering and geodetic surveys, promising methods of mathematical modeling of a locality, equipment and methods for static vibration sounding of soils at a depth of up to 40 meters, and methods of using geodetic radar [georadiolokatsiya].

In the field of **railroad construction**, the problems of reducing the deformability and increasing the stability of the roadbed is the focus of our attention, especially under conditions in the North and the Arctic tundra, as well as in seismically active regions; a combination of research and development to utilize foam plastics, geotextiles, and reinforced drainage materials has been planned to resolve them. In order to build a reliable track superstructure for high-speed and especially heavily-loaded mainlines, a series of track machines and unitized blocking structures is being developed. It is planned to develop effective technologies and means of laying track in units.

In the field of **electrification, communications, and signalization, centralization, and blocking**, the most important problems are further improvement in the structures and installation of the catenary system and introduction of fundamentally new structures for traction and transformer substations and ETs [electrical centralization of switches and signals] stations. At the same time, a substantial reduction (by a factor of 1.5 to 1.7) is planned in labor- and materials-intensiveness, including by the introduction of microprocessor equipment. For this purpose a number of technical solutions have been outlined for the catenary system supports (zinc-plating metal elements, combined and linear reinforcement of the reinforced concrete supports), and shifting to international standards for suspended cables.

In **bridge building**, the development of flexible industrial technologies has determined the basic direction for increasing the technical level. In this case, provision is being made for the development of highly productive piledriving, drilling, crane, and other equipment and the introduction of spans made of effective types of steel, including weatherproof steels and large-diameter reinforced helical cables of increased supporting capability, and the development of new designs for spans, including for travel on ballast.

In the field of **metro construction**, considerable attention is being devoted to the problems of complete mechanization of all technological processes for tunneling and installing the linings (including the so-called "new Austrian" method). In metro construction, it is also planned to develop the construction of stations with side platforms and double-track tunnels, as well as structures made of poured-in-place, sprayed, and fibrous concrete. Automation and computerization of production processes and project planning have been scheduled.

The most important direction which is closely linked with the construction of tunnels and metros is the efficient use of underground space in building transport facilities. In order to resolve this problem, extensive research and effective measures to protect structures and the environment from the effects of corrosion, as well as organizational measures (the establishment of special services to coordinate the use of underground space and proportional participation in financing various urban services and structures), will be required.

In the field of **highway and airport construction**, the most important problems are increasing the reliability of road foundations and the durability of the top dressings for roads; in order to solve them it is planned to make use of soils reinforced with synthetic netting, screenings of crushed limestone processed with inorganic binders, fly ash, and other mineral powders and dispersible reinforcing materials, as well as the development and introduction of new road-building machinery—a general-purpose spreader for surfaces and foundations, a set of second-generation concrete-spreading machines, and so forth.

In **building hydraulic structures**, our efforts are aimed primarily at reducing construction time and materials- and labor-intensiveness. For these purposes, we have developed a self-raising, floating construction platform (for large depths) and new types of dredges; a steel pile with high supporting capacity and technical solutions for protecting banks and slopes from erosion with synthetic materials are also being developed.

In order to reduce labor-intensiveness and the time involved in **the construction of transport buildings**, it is planned to resolve a number of problems to achieve further industrialization on the basis of block configuration and the combination of premises with different functions in one building area, an increase in buildings' prefabrication by using structures that have more extensive plant preparation, and the use of local materials.

With respect to **full mechanization and the building industry**, the "World Level" Program provides for measures to optimize the structure of the fleet of machinery by types of operation and series production of new types of machinery, structures, materials, and items for transport construction.

In the field of **environmental protection**, the problems of developing and introducing a sectorial system for effective management of the use of natural resources and ecologically balanced and socially safe natural and technical systems for transport are being resolved. For this purpose, it is planned to undertake research on a broad scale at a specially organized scientific ecological center.

It is apparent even from a simple listing of the basic areas that the scientific program for transport construction is quite extensive and large expenditures will be required to realize it, even with high cost recovery. The problem of financing for this program solely through

deductions from construction organizations cannot be resolved effectively, in my opinion.

In addition, the basic consumer of the actual scientific product acquired as the result of implementing and realizing the program's objectives are mainly those who order the facilities to be built, that is, the transport sectors. In this connection, it seems justifiable and expedient in establishing the contract prices for transport construction projects to include the expenditures for NIOKR [research and development] and experimental-industrial introduction of appropriate developments in these facilities. The compensation for these expenses which the customers will receive in a given project and others of the same type will be the substantial increase in the reliability and quality of the project.

The Transstroy Corporation is actively collaborating with the Academy of Transport and primarily with the academy's "Transport Construction" Division. We want very much to combine scientific and production potential, and based on this union, to substantially increase the technical level of domestic transport construction and its competitiveness in the world market.

At this time, the "Transport Construction" Division of the Russian Academy of Transport has begun drafting its own conception of the national scientific and technical program "Russian Transport" and the "Transport Construction" subprogram.

Transport and transport construction employees working together within the framework of the Academy of Transport, with participation by specialists from the Russian Federation Minnauk, Mintrans, and Minstroy [ministries of science, transport, and construction] and other interested departments will make it possible to develop the actual "Russian Transport" program, in our view; its realization will meet the Russian Federation's requirements for transport services and will be to the mutual advantage of the users of transport facilities (the clients) and the owners of transport systems (enterprises and companies) when there is maximum comfort in travel, transport traffic safety, and ecological protection of the environment.

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Highway Development Examined

934A0288B Moscow AVTOMOBILNYYE DOROGI
in Russian No 7-8, Jul-Aug 92 pp 4-6

[Article by V.A. Popov, vice president of the Rosavtodor Concern: "The Condition of Russia's Highway System and the Tasks in Developing It"]

[Text] With all the diversity in Russia's transport complex, the ultimate destination for passengers and freight is reached by the motor roads.

The condition of Russia's roads is truly critical today. The general-use highway system is 455,000 kilometers in

length, including 39,000 kilometers of federal highways; it provides access to 1,000 square kilometers of territory, which is 15 times worse than in the United States and 10 to 12 times less than in most CIS republics. The federal highways, which account for up to 70 percent of all the freight traffic, have a wear factor of 24 percent, one-quarter of the bridges have outlived their useful life, and only one-third of the roads have guard rails. Some 30 percent of the requirement for main highways has been met, and over half of them are overloaded by 1.2 to three times as much, with a wear factor of 23 percent. So-called "incomplete repair" of the roads, which cost 8.5 billion rubles [R] at the beginning of 1991, is increasing.

Every motor vehicle in good working order is idle for 40 days each year because of impassable roads, and about 60 percent of the tractors on kolkhozes and sovkhozes are used to tow vehicles and haul loads for long distances. Some 10 to 15 percent of the hay and up to 5 percent of the grain crops disappear under the wheels of motor vehicles when there are detours around impassable sections of unpaved roads. Transport costs account for up to 40 percent of the production cost of agricultural products.

The average speed of traffic on our main highways is 30 kilometers per hour, whereas it is 80 kilometers per hour in Europe. At the same time, a vehicle consumes 1.5 times as much fuel on our roads, leading to annual excess consumption of over 1.5 million metric tons.

In such a situation, a little over R10 billion were spent on building and operating highways in Russia last year, while \$50 billion were spent in Japan and up to \$80 billion were spent in the United States.

The reason for the disastrous condition of the roads in Russia is that their role in the country's economy has been underestimated; to a large extent the condition is the result of the lag in economic science, as well as the system of managing the highways which has taken shape over decades, based on planning, financing, and supply of the sector in accordance with the residual principle.

The capitalist countries defined their economic priorities a long time ago. All the successful reforms (the Marshall Plan, the "Japanese Miracle," Turkey's rapid rise, and so forth) began with the development of transport systems, and primarily the highways.

The situation taking shape here is just the opposite. The volume of work in the construction, repair, and maintenance of motor roads today has declined by nearly 30 percent compared 1991. And the basis for comparison—1991, was far from the best, since the volume of repair work was only 40 percent of what was required.

Introduction of the Law on Highway Funds in 1992 may be considered a big step forward in developing the highway network, especially under the current budget conditions. However, the laws "On the value-added tax" and "On payment for land," as well as the introduction of free prices, "undercut" the effectiveness of the

highway funds to a large extent. Even with an optimistic forecast, by collecting R59.6 billion in highway funds, we will not be able to provide for development, or even maintenance of the system at the current level, since R84 billion is required just to keep the volume of work at the 1991 level.

Moreover, under the conditions of our haphazardly formed market, the cost of road work is rising rapidly. It is sufficient to say that the price of one of the basic road-building materials—crushed stone—has reached R300 per cubic meter, as opposed to R10 a year ago, and bitumen in some regions costs R4,000 per metric ton, compared with R170 in 1991. But after all, the expenditures on materials added up to 60 percent of the estimated cost of the work even before. The new transport tariffs, which rose by 10 times as much, hit highway workers even harder, inasmuch as road work involves a huge consumption of materials which are repeatedly transported from the point of production to the processing points and finally to the construction site.

The residual principle of financing road work, advocated by many even now, may lead to huge losses both for the transport complex and the entire national economy, especially because of the liberalization of prices for energy resources.

Estimates made by Western economic methods show that R1 saved in repairing and maintaining roads will cost the owner of a means of transportation R4 to R5 in financial losses.

The truly catastrophic highway financing situation is leading to irretrievable losses of the most valuable capital—specialist personnel. The sector lost over 30,000 persons during the year, and the ones leaving are far from the worst ones. Perhaps only the sense of high responsibility and the credit of R2.5 billion which was received helped to avoid strikes and ensure the uninterrupted functioning of federal highways during the winter. The ability of our highway workers to build first-class main highways with the proper technical equipment is shown by the results of highway renovation from Moscow to Yaroslavl and Moscow to Domodedovo.

The programs for technical reequipment being implemented with the participation of conversion enterprises have been threatened by the disastrous shortage of funds. There is nothing to pay for the continuation of work on the general-purpose K-703MD and MASH chassis and for production of up-to-date asphalt mixers and spreaders.

The shortage of funds to maintain and repair the roads may also lead to their complete deterioration, and then much larger expenses will be put on the shoulders of the taxpayers who use the roads.

According to the Rosavtodor Concern's estimates, we need to build and renovate 62,000 kilometers of main highway and 193,000 kilometers of local roads and to

build about an additional 1 million kilometers of rural roads in order for Russia's highway system to function normally.

The amount in the highway fund is clearly inadequate for these tasks. Solution of our financial problems will require improvement in taxation legislation, the attraction of nontraditional sources of financing, including private and foreign capital, the introduction of tolls, and granting highway workers the right to commercial use of the off-the-road strip to obtain additional income.

The Law on Highway Funds is our first experience in developing a special-purpose nonbudget fund to finance road operations. Experience compels us to return more than once to its basic provisions. Only practice and the dynamic development of market relationships will provide an answer to how accurately we predicted the tax rates on fuel and the sale of vehicles, on the owners of means of transportation, and other integral parts of the highway fund income.

The formation of market relationships requires quick reaction to the economic situation. For example, with the first signs that an economic crisis was beginning in the United States last December, a law was passed providing for the entire main highway network to be shifted to toll roads (*platnyye dorogi*) with the appropriation of \$151 billion for this purpose.

Unfortunately, the Rosavtodor Concern's proposal to establish a toll road system in Russia is being considered slowly in the government. There are fears that solution of this problem may run into problems related to conservatism in thinking on the one hand, and lack of the information needed on this matter on the other hand. Few people realize that passage on a toll road benefits not only the entrepreneur, but the road user as well. The tariffs for transit are being established in accordance with this same principle.

Despite the problems, this business, which is new for us, is being developed in Kaliningrad Oblast. Questions of participation in the development of toll highways from Moscow to St. Petersburg to the state border and Moscow to Minsk are being studied with Western and domestic investors such as the Russian Fund for Socio-economic Development (the Shatalin fund) and the MENATEP [expansion unknown] Association. The concern is preparing technical and economic substantiation for the development of a number of toll highways in regions of the Far East.

In March 1992, a founding meeting of the "Gold Ring of Russia" Consortium was held at the initiative of the Rosavtodor Concern. More than 40 state and nonstate organizations, enterprises, and institutions, including highway organizations, communications and river fleet enterprises, commercial banks and entrepreneurial structures, executive organs of authority in a number of oblasts, the Russian Ministry of Culture and the All-Russian Society for the Protection of Monuments, the Moscow Patriarchate, and a number of other interested

organizations combined their efforts for the drafting and realization of a national program to develop one of the historically significant regions of Russia. The consortium's tasks include the formation of modern financial and investment structures.

The establishment of a major tourism zone will make it possible to promote business activity in the center of Russia and attract foreign investments to develop this region. The "Gold Ring of Russia" Program provides for renovation of existing highways and the construction of up-to-date main highways, restoration of architectural and cultural monuments, hotel complexes and other facilities for tourism and highway service. A modern infrastructure of communications and a banking and insurance network will have to be established.

Shareholding capital will be counted on in the accumulation of financial resources. Within the framework of the concept adopted by the founders, study of a number of specific plans has begun and negotiations are under way with potential domestic and foreign partners.

A possible variation is the organization within the consortium of the "Magistral" [Main Highway] Joint-Stock Company on the basis of a unified concession to operate and build main highways with allocation to it of the funds and property needed to ensure that operating conditions are maintained at a high level. Relationships with the highway joint-stock companies, in part federally owned, will be built on the basis of contracts, agreements, and orders to improve the operating conditions on the highways entrusted to them, that is, in accordance with the end result.

The concern has now begun a study of economic methods of highway management. With the participation of the MADI and the Rosdormii [Moscow Highway Institute and the Russian Highway Scientific Research Institute], methods have been worked out to diagnose the operating condition of roads and bridges and the [computer] programs needed for them, and an automation data bank is being compiled. Methods for economic assessments which respond to market requirements are being developed with the participation of the Soyuzdormii [State Scientific Research Institute of Roads and Highways].

Work to improve the system of highway management appears to be far from complete. This problem is inseparably linked with the privatization program being conducted by the government.

Of the possible alternatives for privatization of highway organizations, the most acceptable probably should be considered shareholding through a concession, when highway organs assume responsibility under contract for the functions of the state highway management organ and possess broad financial and technical opportunities and greater independence by acting on behalf of the state and under its supervision. Foreign experience has shown that this can provide for rapid development of the highway system. For the efficient functioning of such

organizations under our conditions, we need to change the criteria for evaluating their activity by replacing the traditional volume indicators with transport-operating indicators of highway quality. The effectiveness with which these structures is increased by replacing the administrative responsibility of management organs with the ownership responsibility of the joint-stock company for the end results.

Introduction of similar management structures in Hungary and Great Britain, which was called commercialization of highway organs, made it possible to reduce expenditures for highway work by 25 to 30 percent. Structures such as these can be utilized both at the regional and the federal level. The basis for their activity is a contract which provides for a specific payment for performing state functions and the opportunity to receive profits for the end results.

The Federal Highway Department, as an integral part of the Ministry of Transport, cannot make management decisions independently, and has to coordinate them with the finance, investment policy, and technical departments and other subunits of the ministry which are not directly responsible for the condition of the highways, and in a number of cases, may act on behalf of the interests of other sectors in the transport complex.

The sector's survival under conditions in which the system of forming and distributing highway funds still has not been straightened out is inconceivable without state support. We need to repeal the value-added tax on operations to maintain, repair, and build highways. It turns out that the sector, which is organized today at the expense of the taxpayers who use the roads, is subject to a tax which the user himself has to pay, after having already paid a tax for the highway fund. As a result, we have double taxation and a decline in the turnover of capital. Moreover, the question of reducing the taxable profit on operations to repair and maintain general-purpose roads by 30 percent needs to be resolved through the Supreme Soviet. We need to have quotas on the sale of fuel and lubricants and asphalt and bitumen to repair and maintain the roads; otherwise, the highway funds will be insufficient to improve and develop the roads.

With the high consumption of materials and energy in road work and the rapid rise in prices for energy resources, achieving a practical routine of economy is becoming one of the most urgent tasks. In order to maintain Russia's highway system when resource consumption is being cut back, we need to make maximum use of the new technologies already developed by the scientists and invest the funds necessary in further development of the sector's scientific potential. Of course, market relationships predetermine the need to toughen the requirements made of scientists in achieving end results on a competitive basis. Road workers need highly efficient additives for bitumens, reinforcement materials for road surfacing, and other resource-saving technologies more than ever before. We cannot resign

ourselves to the disastrous situation in which most of the highway scientific organizations have fallen; otherwise, our lag behind the world level may be extended even further tomorrow.

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Container Transport Operations, Improvements Viewed

93A0314A Moscow GUDOK in Russian 6 Nov 92 p 2

[Article by S. Pershin, department head in the Moscow Railroad Transport Engineers Institute: "Foreign Currency Transit Shipments"]

[Text] International container shipments have recently become one of the largest achievements in the expansion of world transport. The number of large-capacity containers weighing from 10 to 25-30 tonnes is growing swiftly. There were 4 million of them in 1989. Nevertheless, the addition of 400,000 containers, which are made in the world during a year, does not provide an opportunity to satisfy the ever increasing demands.

The major percentage of the container fleet (94 percent) now lies with the European, North American and Far Eastern regions. However, the advantages of these shipments are being estimated at their true worth throughout the world transport market. According to the forecasts of specialists, 70-80 percent of industrial products will be delivered in containers by the year 2000 between the industrial countries.

Mixed container shipments received a strong impetus for expansion with the development of transcontinental through shipments. The name of the special railroad connecting ports on the east and west coasts of the United States—Land Bridge—has firmly entered life. Container-carrying railroads, for example, the short Mexican Coatzacoalkos-Salina Cruz "bridge," are successfully competing with the traditional travel of vessels through canals, in particular, the Panama Canal. With the construction of the large Darwin-Alice Springs railroad, an Australian land "bridge" was formed, which significantly shortened the route to the ports of Sydney and Melbourne located in the continent's south.

In our former Union, the Trans-Siberian Container Service (TSKS) has also existed since the Seventies. It connected Leningrad and Nakhodka (Cape of Astafyev). However, the TSKS was not able to maintain its position in the struggle with maritime competitors for clients due to a number of organizational shortcomings, interdepartmental squabbles and the failure to protect container routes on the country's longest and most intensely used mainline. This should serve as a lesson.

Not making use of the advantages of the Russian Federation's rail network configuration to obtain profit from international through shipments in an West-East direction would be an unforgivable error. However, serious

technical preparations, a thoroughly thought out organization for transport production facilities and its infrastructure and a psychological change in attitude toward clients are required to implement this. This supports a modern transport market. One cannot forget that it was not an increase in speed but a strict observance of the schedule that insured a return to high competitiveness for express freight trains on West Europe's railroads. It was the dependability of movement that brought large profits not only to the clients but also to the railroads themselves.

The formation of a number of independent states on the former Union's territory has complicated the organizing of long-distance international through shipments. The Russian Federation has only four large seaports in the west—two on the Baltic (Kaliningrad and St Petersburg), one on the Barents Sea and one on the Black Sea. You see, maritime shipments differ from rail ones in their extremely smaller energy expenditures and labor-intensiveness; this means, the more deeply the seas' defined water area cuts into the continent and the shorter the railroad portion of the route is in comparison with the maritime one, the more attractive will this route be for clients. From this viewpoint, Kaliningrad is inferior to Petersburg, the more so since the latter already has a container terminal. True, the Petersburg port is inaccessible for large ocean container-carriers because of the small depth of the incoming navigation channel; in addition, one must use icebreakers during winter.

The Novorossiysk and Murmansk ports do not have these shortcomings. Moreover, the first of these has approaches that branch off from the traditional navigable routes—the shortest path from the Atlantic to the Indian Ocean through the Suez Canal. It remains only to master container shipments on the avenue to Murmansk. Both ports need the construction of container terminals. In addition, the construction of straightening sections and connecting sections to the existing rail network is required in order to reduce the time that trains spend on the route. Consequently, the establishment of through container lines entails considerable work, which can hardly be performed quickly under present conditions.

The task can be solved in stages: During the first one, construct what is necessary, for example, container terminals in the ports and allow trains to travel over the best of the existing lines and over a carefully selected avenue. Subsequently, the completion of construction can be shortened using the profits received and it can be strengthened in order to increase its effectiveness.

It is clear that the construction and operation of a "bridge" should be under the jurisdiction of one capital holder, for example, a joint-stock company. When doing this, the participation of the state, which should assume the solving of intergovernmental matters regarding the use of the contiguous countries' networks for the shortest exit to Southeast Asia, is required.

The organization of accessible and convenient routes for international transit lines of communications at a modern level is one of the most dependable and comparatively accessible sources of hard currency earnings for all states providing shipments. This work could serve as an inspiring example of Russia's economic rebirth.

REGIONAL AFFAIRS

Yeltsin Meets With Soviet of Nationalities Deputies

934C0389A Moscow KOMMERSANT DAILY
in Russian No 32, 18 Nov 92 p 9

[Article by Nika Stark: "President Awaits Reciprocal Steps"]

[Text] At yesterday's Kremlin meeting between Boris Yeltsin and member-deputies of the Soviet of Nationalities, Supreme Soviet of Russia, by all appearances "the Supreme Soviet and the President" were unable to "establish a dialog," although the President tried very hard to do so.

Yeltsin began the meeting rather softly, characterizing the initiative of the Soviet of Nationalities to hold meetings as "a positive step toward stabilization of society." However, the President was unable to conceal his chagrin at the lack of reciprocal movement on the part of Parliament aimed at reconciliation with the President, who had already taken "two serious steps toward the Supreme Soviet" (The President had in mind the All-Russian Conference of Heads of Administration and Chairmen of Soviets in Cheboksary, and his own speech in Parliament of 6 October, at which Yeltsin stated his readiness to introduce certain course corrections in his conduct of economic reform).

According to Yeltsin, these two meetings were followed by "the greatest series of repudiations of the President since the President and the Government were in existence."

Subsequently Yeltsin disappointed certain radically-inclined deputies by declaring that he would not proceed to "any exchange [razmen] of reforms whatsoever." The President stressed that he has no intention of taking "cheap shots" and dismissing five or six ministers prior to the congress.

The determination of the presidential position also appeared in the manner in which Boris Yeltsin rejected the proposal on preparations for introducing presidential rule, and dispersal of the Supreme Soviet and the congress: "Do you really think that the President is such an eccentric that he would undertake to directly violate the Constitution? The President considers that it is the Supreme Soviet which is in violation of the Constitution."

Further talks took place in the absence of the press (representatives of which were sent away after the very

first outbursts of emotion among the deputies). However, it is hard to believe that the tone of the conversation changed even a little. According to unofficial information, the deputies attempted to convince the President of their support, but at the same time demanded that he "sack Burbulis." The President did not react to this demand and continued to call upon the members of the Soviet of Nationalities to conduct the congress in a dignified manner, so as not to "disgrace" themselves before the whole world.

However, in spite of the differences of view of the President and the deputies, which were clearly defined at the meeting, most of the participants rated it positively, and consider such meetings a necessity. Perhaps one may see an attempt to secure the support of the President in the future in the final chords of the proceedings, at which time Soviet of Nationalities Chairman Ramazan Abdulatipov presented the Medal of the Soviet of Nationalities to the President.

Regional Admin Heads Meeting Results in Support for Yeltsin

934C0388A Moscow KOMMERSANT DAILY
in Russian No 32, 18 Nov 92 p 9

[Article by Tatyana Tiburskaya and Anton Antonov-Ovseyenko Jr.: "Heads of Local Administrations Supported the Government"]

[Text] As we promised in yesterday's issue, today "Znak" provides information about the two-day conference of heads of administration of the krais and oblasts of Russia, held in Moscow 16-17 November. In my view, this event deserves special attention, since Boris Yeltsin and Yegor Gaydar managed to secure the support of the leaders of the executive authorities in the regions. This could alter the balance of power at the congress.

In connection with the conference of heads of administration held in Moscow, observers note that on the eve of the opening of the congress, the leaders of the executive and legislative powers in Russia were stepping up their attempts to consolidate around themselves the representatives of the coordinate structures. At the conference of leaders of local Soviets held last week-end (See "Znak" of 17 November), Speaker of the Russian Supreme Soviet Ruslan Khasbulatov succeeded altogether in securing the support of the representative authorities of the regions. However, for the executive authorities, the President and leaders of the government were equally successful in their meetings with the heads of administration.

Nevertheless, at Monday's meeting with Yegor Gaydar the heads of administration called the government's attention to the necessity for significant changes in the status of the local authorities. The leaders of the regions insist in this connection on "creation of a serious legislative base," which could "adequately regulate their work and their interactions with the representative authorities."

Speaking to the conference participants yesterday, President Yeltsin in turn called their attention to the necessity for "adopting the Russian budget as soon as possible," at the same time noting that Moscow is expecting an increase in the portion of territorial budgets in the "Russian coffers."

The head of state took pains to stress that it is not so much a question of the expenditure side, but also one of income—in connection with which, in the budget message which the government had been examining the previous day, the income portion amounted to only about 40 percent in all. According to remarks by observers, the President has decided to compensate for the overall tightening of financial policy by proposing that the territories be authorized to introduce a municipal tax, to be used exclusively for local needs.

Yeltsin also supported the idea of decentralization of the pension fund, which was expressed at the conference, and congratulated its participants for creating the Russian Union of Leaders of Territorial Organizations of Executive Power, whose purpose is, in the opinion of its founders, to guarantee public support for government reforms.

One result of the conference was a statement in which the heads of administration specifically noted, that a possible change of government at the congress could actually apply the brakes to all democratic processes in the country. In the opinion of observers, such a statement testifies to the unequivocal support of the executive authorities in the localities for the course conducted by the government of Russia.

Krasnodar Residents Abstain From Voting for National Deputies

934C0386A Moscow SOVETSKAYA ROSSIYA
in Russian 24 Nov 92 p 1

[Article by Doctor of Physicomathematical Sciences Yu. Pospelov, Moscow City Soviet deputy: "Alarm Bell"]

[Text] And so, the elections of deputies to the Russian parliament in Krasnodar on 15 November essentially never occurred. This is despite a major election campaign (especially on the part of our glorious "Democrats," who enjoy powerful financial support), despite the fact that famous Russian officials, essentially representing the entire political spectrum of today's Russia, were on the ballot. Nonetheless, the voters did not show up at the election precincts. This is a repeat of what happened in spring of this year in the Dmitrovskiy Election District, Moscow Oblast.

What's the matter? How have we descended to such a life? From my point of view, this is the result of a purposeful policy of our "Democrats" who have come to power, a policy of disintegrating the nation, of continually belittling and insulting it. "Bydlo", "a country of idiots," "dirt"—there's no end to the labels they've put into circulation! Excuse me, but could the world's first

artificial Earth satellite and the first man in space have been inserted into orbit namely by a "country of idiots"?!?

Propaganda of inferiority is now being supplemented by intensive propaganda of the thesis of "an absence of an alternative." It is asserted that there is no alternative to everything happening today, that there is no alternative to leaders who are leading the country to its death. That's clearly nonsense: There are of course both alternative programs and alternative domestic politicians and economists! But if a person is told over and over again that there is no alternative to the continual and catastrophic decline in the standard of living (and all of this is happening in the richest country in a time of peace!), why should he waste his time going to the polls?!

That, I believe, is the principal conclusion from the alarm bell that has sounded in Krasnodar, where most of the voters didn't vote.

Money for Creation of National Regions Unsatisfactory to RF Germans

934C0387A Moscow NEZAVISIMAYA GAZETA
in Russian 22 Oct 92 p 3

[Article by Natalya Pachegina: "Marks Will Make Many Happy, but Not Russian Germans"]

[Text] A press conference at the Presidential Residence on the results of the second meeting of the German-Russian Intergovernment Commission for Russian German Affairs left no illusions on this account. The delegation leaders—from the Russian side, former minister of the Russian Federation State Nationalities Committee Valeriy Tishkov, and from Germany, Federal government official on resettlement affairs, State Secretary under the Federal Ministry of Internal Affairs Horst Waffenschmidt—yielded the microphone back and forth only to persuade each other of the obvious: Foreign investments into the economy of regions of possible resettlement of Russian Germans will basically introduce a certain diversity into the life of residents of Volgograd, Saratov and Omsk oblasts and Altay Kray. The German Federal Internal Affairs Ministry allocated 125 million marks for 1992-1993 to provide general humanitarian food and medical aid to the population (8.4 million marks), to deliver agricultural equipment and elite seeds (15 million) and to initiate mass housing construction, including facilities for the social infrastructure. The generosity of the German side, which is seriously concerned by the "revelry" of the domestic bureaucracy, is also a simultaneous indication of the unwilling recognition that the "gloomy German genius" has lost its resourcefulness in the conditions encountered in Russia. Thus, "Western" Germans are promising to establish and equip agricultural product processing enterprises—bakeries, meat-packing plants, cheese-making plants, oil extracting enterprises and flour mills. They also intend to organize apprenticeship of Russian-German commercial farmers at German farms, allocating 3.5 million

marks for this. A program of the Russian-German commission to create jobs in regions of concentration of Russian Germans will also help to settle them permanently, in the opinion of State Secretary Waffenschmidt. This purpose will be served by a ceramic plumbing fixtures plant in Engels, children's day care centers, paramedic stations and job training centers in Saratov, Volgograd and Tomsk oblasts and in German national regions in Galbshadt (Altay Kray), Azov (Omsk Oblast) and Prizhip (Bashkortostan).

In short, Russians of German descent have prosperity to look forward to. As do other Russian citizens residing on the territory of the former German republic beside the Volga. And although the "Western" members of the commission gave tribute to the idea of restoring German statehood, diplomatically suggesting it in statements regarding the need for recognizing the fact of deportation of Russian Germans, in their efforts there is significantly greater concern for their own citizens. The German immigration quota for Russian emigrants continues to be limited, as Waffenschmidt emphasized, to 25,000 persons per year.

Former minister of the Russian Federation State Nationalities Committee Tishkov noted just as pessimistically that "In our country, statehood at least somehow guarantees national distinctiveness." And those 5 million rubles which the government of the Russian Federation is allocating to establishment of national regions in Russia will not solve the problem of the German-Russians. Genrikh Grout [transliteration], leader of the German movement "Wiedergeburt," said to a NEZAVISIMAYA GAZETA correspondent that "All projects of this German-Russian commission are essentially burying the idea of restoring a German republic beside the Volga." "But Germans from 'Wiedergeburt,'" he said, "will be the last to leave Russia, no matter how regrettable the spirited trumpeting of future prosperity may sound."

INTERNATIONAL AFFAIRS

Economist Considers Pros, Cons of Foreign Banks' Activities

934A0362A Moscow NEZAVISIMAYA GAZETA
in Russian 24 Nov 92 p 2

[Article by Andrey Kargin, doctor of economic sciences: "Protectionism, Is It Good or Bad? Russian Legislation in Its Current Form Does Not Protect the National Banking System"]

[Text] The problem of the activity of foreign banks on the domestic financial market, which has been raised periodically by NEZAVISIMAYA GAZETA, is not as local and harmless as it may appear at first glance. In essence, we are speaking not about the collision of Russian commercial banks with their competitor in the face of "Lyonskiy Credit (Russia)," but about the policy of national priorities in general as a strategic course of

the country's development, be it political, economic, or some other sphere of social activity.

Here we would like to focus on several principle moments. There are a number of spheres of social life which constitute the very concept of the state. Among them are primarily the legislative and executive powers, the army, and the monetary system. Evidently, we may admit that a state which is not sovereign in any of these three spheres is not sovereign. Therefore, when we speak of the creation of the European union, and in essence—about the formation of a sort of confederation, there is a certain loss of sovereignty at the expense of the gradual multiyear unification of the army, the transition to a single monetary system and to a single banking system. It is specifically the understanding of this fact which has served as the reason for the clearly nonsynonymous reaction to the Maastricht Agreements in Great Britain and Denmark.

When the question was posed about our beginning to open up to the West, this was immediately substituted here for the concept of simultaneous equal access by foreign participants in any form into any sphere. Here the first main question inevitably arises: Where can this be done, how is this justified or not justified? The question consists of the following. There are a number of spheres where, despite the current ineffectiveness in the activity of young, inexperienced, untrained and undeveloped structures, they nevertheless cannot be replaced by foreign structures on the basis of equal access. For example, let us begin with this very legislative power which, in the opinion of both the rightists and the leftists, either slows down reforms or excessively narrows the scope of action of executive power. Yet despite the fact that, let us assume, the budget commission of the Bundestag or the English parliament operates much more effectively, is much more experienced and has traditions dating back many years and sometimes even centuries, no one is proposing to change or give equal access to the English parliament's budget commission simultaneously with the equal rights of the budget-planning commission of the Russian Supreme Soviet.

Here the matter consists specifically of the fact that the principle of equal access of foreign institutions does not extend to certain spheres of exclusive national sovereignty. In this case, as far as economics is concerned, the monetary-credit banking system is just such a definite sphere. According to its definition, which has already become banal, it is the "circulatory system of the economy."

Three institutions which symbolize national sovereignty—power, the army, and money—must to a certain moment be under the guardianship and protection of the state. Here no one doubts the fact that ineffectiveness of operation is corrected by means of education, mutual exchange and, finally, cooperation. Before we could not imagine that NATO generals would someday be present

at closed sites or would participate in joint piloting of the newest fighter planes. It is just the same also in the banking sector.

We certainly do not oppose cooperation with the banks of other countries. On the contrary, such cooperation must be developed, but here the question arises: To what degree can we extend the principle of equal access of other countries to the Russian banking market?

We must remember that any company, and a bank especially, which is represented abroad, has for its task not the development of the local market, not the creation of favorable conditions for the development of the local industrial base, but rather the long-term maximization or optimization of its own profit. And it proceeds only from protection of its own interests, and to some degree its own national interests. Here, we might add, the references to the multinational character of banks, to transnational banks, and to multinational companies are not fully justified. In fact, these companies act upon the principle of consolidated balance. They are quite calmly ready to reject profitability for a number of years in a certain part of the world so that later they can bring it to the necessary level of competitiveness and profitability. Nevertheless, all decisions concerning the activity of any branch are made by the parent company, which acts exclusively from its own interests. Even with a splendidly operating bank branch in another country, if it turns out that this region drops out of the picture in the company's overall strategy or if it is necessary to pay off the parent company's debts or to partially curtail activity, or if some political conflicts arise, the branch's activity is curtailed in the name of the company's general interests.

We must remember that a bank is not simply some enterprise which may act autonomously. Banks, through their clientele, influence the entire economic turnover and in essence define the direction and character of development of the national economy.

Let us try to analyze the argumentation of the Central Bank's management and the authors of certain articles which have appeared on this question.

Russian Central Bank First Deputy Chairman Kulikov, who signed the Central Bank's official conclusion on the Russian Supreme Soviet draft resolution introduced by the Association of Russian Banks, motivates his negative attitude toward the draft in this way.

The first thesis of the Central Bank is that the Russian economy is experiencing the need for foreign production investments, and the presence of foreign banks is an inevitable condition for the development of such investments. Therefore, if there is no presence of foreign banks, there will be no foreign investments.

Let us examine the process of restoration of Europe's economy after World War II. To a significant degree, it got back up onto its feet thanks to rather serious American investments. What number of foreign banks was

represented in that very same Germany? We will see that they did not comprise even a tenth of a percent, yet strong investments went specifically to Germany. Here the discussion is sooner not about banks as such, but rather about the political environment, and most importantly—the legislative environment.

Therefore, to say that foreign industrial companies will seriously develop their investment activity on the territory of Russia if they have the opportunity of being served in banks with familiar names—excuse me, but this is nonsense. Today the names of our banks are unfamiliar, and if we follow this course—they never will become familiar.

Our leading banks have correspondent relations with all the leading foreign banks bearing those same well-known names. What is the problem? They can say that accounting takes a long time in Russia. But what do commercial banks have to do with it, when the Central Bank has monopolized interbank accounting services within the country? It is specifically due to the ineffectiveness of this network that payments are being delayed, and certainly not because commercial banks are somehow slowing them down. If a foreign bank enters our market, it will encounter the same problem, since it bears a general character for the entire system.

The second argument is that the presence of foreign banks will make it possible to obtain credits in foreign currency, and will also help to find partners for export and import and serve as an impetus for development... But, honestly speaking, this argument is generally unclear. Who hinders anyone from doing anything through Russian banks in this case? Credits are granted, as a rule, for specific projects, when it is possible to specifically compute the return on capital, including the interest. If there are such projects, there will be credits, and the sources of capital in this case may be (and perhaps will be) those very same foreign giants with the well-known names.

It is no secret that banking services in Russia are not well developed. Yet it is also no secret that the rest of the market infrastructure is also not developed. As for banking services, they, at least, are somewhat more highly developed than services in other sectors of the economy.

We must understand that in the case of foreign banks, the declaration of the principle of equal opportunities is absolutely unlawful.

It is surprising what concern the Central Bank management and our parliament exhibit regarding competition with foreign banks, and how little they facilitate the creation of favorable conditions for the development of domestic banks. Back in February of this year, the Supreme Soviet was discussing the question of taxing banks, and at that time it was proposed that we introduce investments into the development of the banking network, buildings, communications, etc. from the taxable

income. This would allow Russian banks to buy Western technologies and to set up comfortable operations facilities...

So, in this case the discussions about some "equal conditions," give off cynicism, to put it mildly.

Certain leaders responsible for the fate of Russia believe that at the present time there is no danger of the banking sector of the Russian economy being swallowed up by foreign capital, because, they say, only one foreign bank has been registered. Nevertheless, we would like to note that Russian legislation in its current form does not protect the national financial market. If the danger becomes a reality then, as they say, it will be like "closing the barn door after the horse is gone."

Australian Delegation To View Possible Business Ties in Russian Far East

934A0339B Moscow NEZAVISIMAYA GAZETA
in Russian 20 Nov 92 p 4

[Article signed NG [NEZAVISIMAYA GAZETA]: "The Far East Is Interesting to Everyone: Including Australia"]

[Text] On 22 November an official Australian delegation headed by John Kerin, Minister for Trade and the Development of Overseas Territories, will arrive in the Far East. During the visit, which will last until 25 November, the delegation will visit Vladivostok, Sakhalin and Khabarovsk, where it will meet with the local leadership and discuss the possibilities of economic and commercial cooperation between Australia and Russia's Pacific region.

This is not the first visit to the Far East by highly placed representatives of the Australian government. At the end of last year Senator Hoe Evans, Minister for Foreign Affairs and Foreign Trade, visited Russia's Pacific coast, and in May a delegation of specialists from Australia's food industry visited Maritime Kray.

The interest of the Australian government and entrepreneurs in the Far East is obvious—the present delegation includes representatives of major Australian companies working in the area of agriculture, the processing of agricultural products, petroleum extraction and refining, and the mining industry.

Just what is the reason for this interest? In recent years Australian trade has been more oriented toward the dynamically developing Pacific-Asian economic space. Australian exports to the member-countries of the Association of Southeast Asian States, that is, to Indonesia, Malaysia, Thailand, Singapore, the Philippines and Brunei, have risen very rapidly in recent times and exceed total deliveries to the countries of the European Community. Overall, Australia's exports to East and South-east Asia account for 27 percent of the country's total export revenues.

Russia's Pacific regions are regarded by Australian political and business leaders as an important zone of cooperation and investment along with Australia's active efforts to create stronger ties with the world of Asian trade as a whole. For Russia's Pacific region, in turn, contacts with Australia could become an important channel of cooperation with the dynamically developing countries of the Asian Pacific region.

In a recent speech, Australian Prime Minister Paul Keating spoke not just of the need to develop ties with the Asian region, but of an economic and commercial interdependence between Australia and Asia that exists and grows stronger with every passing year. "One should not exaggerate Australia's capabilities," he said. "Asia remains the principal market for our consumer goods."

On the eve of his visit to the Far East, John Kerin stated in Canberra that the delegation hoped to identify new possibilities for trade and to open the way for the representatives of business circles. "We are also interested," the minister stressed, "in finding an application in Russia's Far East for our experience in the fields of knowledge where we have achieved commonly acknowledged success, such as, for example, the training of administrators for business, the organization of the use of natural resources, the training of personnel, and the processing of food products. The main objective is to become better acquainted with what we can offer each other, and then to formalize and expand our relations."

The visit of Minister Kerin and the Australian businessmen is timed to coincide with the first meeting of the Russian Committee on Relations Between Australia and the Pacific Region, which will be held in Vladivostok on 23 November. The committee was set up this February during the visit of V. S. Kuznetsov, head of the administration of Maritime Kray, to Australia.

And on 22 November an Australian Consulate will open in Vladivostok. This will be Australia's first diplomatic mission established outside of Moscow. It will be headed by Vladimir [Gavrilyuk]. The consulate will also include an office of Australia's Austrade foreign trade department.

Vietnamese Ambassador Encourages Economic Exchange

934A0339C Moscow ROSSIYSKIYE VESTI in Russian
25 Nov 92 p 2

[Interview with [Ho Huan Nghiem] the Socialist Republic of Vietnam's ambassador to Russia, conducted by Aleksey Luzin: "An Old Friend Is Better Than Two New Ones!"; date and place of interview not given]

[Text] [Ho Huan Nghiem], the Socialist Republic of Vietnam's ambassador to Russia, tells ROSSIYSKIYE VESTI's readers about the state of commercial and economic relations between Moscow and Hanoi.

[Nghiem] From our viewpoint, it is advantageous to have relations with Russia. It is an old and familiar market. As the Russians say, "one old friend is better than two new ones!" And if we do not take advantage of this familiar market, in which we have been present for decades, and gradually lose it, that will not be very intelligent.

However, the state of commercial and economic relations leaves something to be desired. The amount and assortment of reciprocal deliveries are declining drastically. In the past, for example, Russia accounted for the principal share of trade turnover between Vietnam and the USSR. We used to deliver goods worth about 700 million foreign-exchange rubles a year to the Soviet market. We imported output worth from 1,200 million to 1,300 million rubles.

This year, unfortunately, there is no such trade volume. Although an agreement on commercial and economic relations provides for reciprocal deliveries in the amount of \$800 million to \$900 million by each side, according to the most optimistic estimates we will barely reach a level of around \$100 million by January 1993.

The reason for the unsatisfactory fulfillment of commitments, in my view, is that the mechanism of commercial and economic relations has still not been fully worked out under the new conditions. We have agreed that we would establish and develop our relations on a new basis, a basis of mutual advantage and equal rights. An agreement exists to the effect that in trade between our countries world prices and currency will be used in accordance with international rules. But unfortunately, experience shows that a huge amount of work needs to be done on both sides in order to convert to the new mechanism.

In connection with the shift to world prices and with the unnaturally low ruble exchange rate, Vietnamese goods are proving to be several times more expensive and cannot compete with products produced in the Russian market. Granted, this pertains not only to our goods, but to all the imports that are shipped in from abroad.

In all fairness, it should be said that we have a mutual desire to preserve and further develop relations in all spheres. Realistic possibilities for this exist. We can not only fulfill but overfulfill the volume of reciprocal deliveries for which the agreement provides. In conversations with me, Russian leaders have repeatedly spoken in favor of preserving and developing our ties. In the past we had good relations, and there was a lot that was positive. It is on the foundation of all this that our relations can develop.

Volkogonov Comments Further on Issue of Hiss Innocence

93P50023A Moscow NEZAVISIMAYA GAZETA
in Russian 24 Nov 92 p 4

[Dm. Volkogonov "Letter to NEZAVISIMAYA GAZETA" followed by V.A. "P.S.": "Foreign Intelligence Does Not Give Out Information About Spies: A Few Lines Pursuant to V. Abarinov's Article 'The Hiss Affair—a Judicial Error?'"

[Text] This year I received several fax appeals from Alger Hiss and his lawyer asking for help in elucidating whether this person acted as an agent of Soviet special services in the 1930's and 1940's. Of course, I sent them on to the Foreign Intelligence agency. But the requests continued. When I found out that Hiss was 88 years old and that he only wanted to die peacefully without being branded a "spy," I telephoned Ye. M. Primakov. He reasonably said that they give out no information about who is or is not a spy. However, he agreed to help determine the truth of the matter.

I was able to visit the Foreign Intelligence archive several times. Its employees, on Primakov's instructions, said that A. Hiss was not registered in the documents as a recruited agent. I reported this to Hiss's lawyer, adding that perhaps the American's official contacts with Soviet diplomats had been considered espionage. After all, the Cold War was then at its height.... As to whether A. Hiss was or was not a "spy," I can render judgement only as a historian. The more so as, as far as I know, the agency in which those documents from the 1950's were reviewed was not the only one which was involved in intelligence. Furthermore, there are no guarantees that they all survived.

As for access to the archives by "taxpayers," I point out: In the open collections of several archives (the former CPSU Central Committee, the special archive, and so forth), hundreds of thousands of new documents are available to the broad public. These documents have been opened by a parliamentary commission which I head. But in their halls, one more often meets foreign scholars and journalists than our own Russian scholars and journalists.

[signed] With respect,

Dm. Volkogonov

P.S.

NEZAVISIMAYA GAZETA thanks D.A. Volkogonov for making the matter clearer. For our part, we would like to make clearer that, without exception, all the documents of the CPSU Central Committee International Department were and remain in a "special file" and therefore unavailable to the broad public. Furthermore, extracting certain documents from the secret annals for their own examination, Russian authorities have at the same time classified entire collections secret. Thus, for example, all materials connected with the presence of Soviet troops in Germany were closed in August of this year. In the words of the archivists, this prohibition will be removed only when the last Russian soldier departs German soil.

[signed] V.A.

POLITICAL AFFAIRS

Discord in Lvov Rukh Detailed

93UN0311A Lvov ZA VILNU UKRAYINU
in Ukrainian 5 Nov 92 p 1

[Article by V. Melnyk and appeal and statement under the "Contentious Situation" rubric: "Two Rukhs Against the Background of Scandal"]

[Text] Do not laugh, do not cry, and do not grow nervous: I must again inform you about the latest news conference of the Lvov members of Rukh, this time—new ones. How many of these useless "measures" and actions there have already been, and how many there will still be—prepare yourself....

The occasion for the Tuesday meeting with journalists was a memorable event: Radicals opened the doors of the regional board, which the old leaders had closed and sealed immediately after the conference of 24 October. They opened them, if one believes the organizers of the news conference, without any excesses on the part of their opponents, who were not at the ceremony, and the militia. They did it quietly, tolerantly, and, one might say, intelligently. According to the account, the action took place as follows: At 2245 on 2 November Petryk, the valiant "independent" deputy of the oblast soviet, with a bunch of keys, Mr. Drak, his companion in arms, Shyriy, deputy of the city soviet, and individual deputies of rayon soviets, together with "members of the LKKR [Lvov Kray Coordinating Council of Rukh] Commission for Receipt of Material Valuables" entered the board and, catching sight of the seals of the previous administration on the inner doors, for greater reliability put their own seals on as well. This, properly speaking, was the entire event, and the news conference was devoted to this.

Naturally, there was time left over, and the organizers of the meeting used it to publicize various "touches" to the last conference. As it turned out, on Monday there was another meeting of the new Leadership of Rukh, attended by Ivan Drach, Orest Blokh, Mykhaylo Kosiv, and Oleh Hryniv. There was a summary, and in the words of I. Baranovskyy, the present cochairman of the Lvov Kray Organization [LKO] of the NRU [People's Rukh of Ukraine]: "They all gathered so that no doubts could be raised about the legitimacy of the fifth conference." If this as well as the revelation of Ivan Drach are true (he said that until recently his role in the Central Leadership had come down to reconciling cochairmen Vyacheslav Chornovil and Mykhaylo Horyn, and since leaving his last post he is having trouble ascertaining his present functions), then, knowing the position of Chornovil, one may now with certainty state: Even against his own will, the poet will be forced to come into conflict with the current member of the PEN [expansion not given] club.

Among other "touches," an assertion made by the radicals on Saturday is deserving of attention: They are also

prepared for cooperation with Yuriy Klyuchkovskyy and those like him and desire consolidation in the name of the national cause. However their opponents have also made similar statements, with the difference, meanwhile, that the opposing party itself rejects compromise and does not wish to make contact. Thus, putting together these mutual opposites that promise so much, it is possible to reach one more conclusion: With both sides we are dealing, unfortunately, not with manifestations of good will but, more likely, the latest maneuvers of parties and propagandistic gestures whose purpose is to "present" oneself favorably and to disparage one's opponent.

....As a result, the Lvov Kray board of Rukh is open while Rukh.... does not presently exist. There is some kind of whimsical, insane, two-headed Rukh, toward which increasing numbers of people are drawn against the background of a scandal: Individual members of the organization and whole lower centers, representatives of the authorities and deputies of all levels, chairmen and cochairmen.

As the classic says, it would be funny if it were not so sad....

From the editorial board. We offer two more eloquent statements with regard to the events in Rukh.

Appeal of the council of the Lvov Kray Organization of the NRU to Mr. Yu. Klyuchkovskyy and his supporters

The situation that has arisen in the Lvov Kray Organization of Rukh since the fifth conference (24 October 1992) creates the threat of a schism in Rukh. Disagreeing with the results of the fifth conference, a portion of the former Kray Leadership of Rukh and several representatives of the central board acting in the name of those Leadership organizations have resorted to actions that contradict the Statute of the NRU:

- they have announced the mass exclusion of activists and founders of Rukh such as L. Senyk, P. Chaban, M. Melen, Ya. Korzhynskyy, Ye. Shyriy, and other opponents of the inactivity of the old Leadership;
- they have begun a campaign of persecution at the workplace of newly elected activists of Rukh for their convictions (Mr. V. Parubiy, deputy chairman of the city executive committee);
- they are carrying out agitation in lower centers directed at splitting members of Rukh into opponents and supporters of the old Leadership;
- they are making attempts to halt the activities of entire rayon associations, such as Sichovo-Striletskiy, Sykhivskiy, and other rayon associations that have expressed a lack of confidence in the previous kray Leadership;
- they have announced the intention to convene on 7 November 1992 an alternative conference of the Lvov

Kray Organization of Rukh with delegates who support the invalid old Leadership and its illegal decisions.

All of these actions have led to sharp opposition in several centers and given rise to discord among people who previously thought alike. One gets the impression that this is aimed at transforming Rukh into a different party, with the goal of satisfying the ambitions of "leaders who set their own interests higher than the interests of the people, are seized with a mania for power for its own sake, are disposed to authoritarianism, downplay the problems of the people, and adhere to contrary moralities" (quotation from Article 8 of the Program of the NRU). This will inevitably lead to a schism in Rukh and will threaten the existence of the largest mass public and political organization in Ukraine.

As a result of the action of a segment of the previous leadership, headed by the former chairman Mr. Yu. Klyuchkovskyy, a significant portion of the delegates (171 out of 430 registered delegates), among whom there were many who are desirous and capable of working in the Leadership, council, and other working organs of the kray organization and wish to avoid schism and bring about a fair solution to the conflict, did not take part in the work of the fifth kray conference. Taking this fact into account, we are prepared to hold a sixth special conference of Rukh of the Lvov area directed at its consolidation. In conjunction with this, the kray council believes it necessary:

1. To denounce the unapproved decree of the Central Leadership dated 24 October 1992.
2. To open the lodgings of the kray board of Rukh to normalize operations of the kray organization.
3. To create a joint organizational committee to prepare for the conference and to work out a quota on the basis of direct proportional representation of all lower organizations.
4. To hold rayon conferences with the mandatory presence of representatives of the organizational committee and to elect delegates at them for the kray conference. Members of the new and previous leaderships, councils, and auditing commissions who are not elected delegates of the sixth conference will take part in its operations with deliberative voices and invitations.
5. The chairman at the conference must be a member of the kray organization who works in one of the lower centers.
6. The procedure for each day's conference is determined by the delegates themselves. It may include the question of programs of activity of the kray organization as well as changes in its leadership organs.
7. To elect delegates to the conference and to choose a position of the kray organization at the Fourth All-Ukrainian Assembly of Rukh.

8. Prior to the sixth kray conference, to halt banking operations on the Rukh account, and for a joint control and auditing commission to carry out an inspection of the economic and financial activities of the organization.

We look forward to your honesty, wisdom, and devotion to the common cause—the rebuilding of a Ukrainian national state.

[Signed] I. Baranovskyy and I. Kokodynyak, cochairmen of the Lvov Kray Organization of Rukh
31 October 1992.

Statement of a joint session of leaders of the rayon associations of Kamensko-Bugskiy, Sokal, Radekhiv, and Brodivskiy Rayons and the city of Chervonograd

At the initiative of the primary NRU centers of Kamensko-Bugskiy Rayon, the leaders of the NRU rayon associations of Kamensko-Bugskiy, Sokal, Radekhiv, and Brodivskiy Rayons and the city of Chervonograd assembled on 30 October 1992 in the city of Radekhiv and, having discussed the actions within the Lvov Kray Organization of the NRU, they declare:

We condemn the actions with regard to the forcible seizure of the Rukh kray organization on 4 October and the application of physical force against legally elected leaders of the kray organization of the NRU. We consider such actions to be shameful for a civilized, democratic society. Responsibility for the violence lies fully with the persons who have joined the unapproved self-styled organ, the so-called temporary leadership of the Lvov Kray Organization of the NRU.

It was through the fault of these same people that the latest provocation was committed on 24 October—the bandit attack on the lodgings of the LORTA palace of culture, in which a conference of the Lvov Kray Organization of the NRU was to be held; it caused the cancellation of the conference.

The policy being carried out by the members of the self-styled Leadership of Rukh is in fact leading to a schism in the kray organization of the NRU, which is the largest and most influential in the country and, as a consequence, to a schism in Rukh in general.

A consequence of such actions may be the fragmentation of Rukh and its relegation to political insignificance. Quite understandably, anti-Ukrainian, antistate, chauvinist, and pro-imperial forces have been awaiting such a result for a long time.

The attempts to steer Rukh toward a so-called platform of Ukrainian nationalism, whose definition even the very apologists and organizers cannot explain, are nothing more than open adventurism within Rukh, and their practical actions are a classic expression of Bolshevism.

The movement of Rukh to a platform of nationalism will not meet with understanding even among a significant portion of Ukrainians, and not just in eastern Ukraine,

and will not lead to the consolidation of society but, on the contrary, will pit Ukrainians against the rest of the population of Ukraine. Such a platform will be unacceptable in the Western democratic world. If Rukh bases itself on nationalism, it will harm Rukh itself and the cause of creation of the state of Ukraine. We cannot turn the largest democratic independence organization into some kind of radical group.

There is no doubt that the NRU has lost its timeliness and has been unable to reform itself from a destructive force into a creative one.

In this situation we need a search for qualitatively new organizational forms for the use in full of that intellectual potential that has crystallized within the ranks of the NRU, not mutual conflict, which is to the benefit of antistate forces.

Under the existing conditions and respecting the special responsibility of the NRU and the chairmen of the centers, all the rank-and-file members of the NRU must come to understand the destructiveness of the actions of the schismatics and support the Central Leadership and the leadership of the kray organization on the basis of the statute of the NRU and the laws of Ukraine.

Adopted at a joint session of leaders of the rayon associations of Kamensko-Bugskiy, Sokal, Radekhiv, and Brodivskiy Rayons and the city of Chervonograd.

Radekhiv, 30 October 1992.

The following rayon organizations supported the statement: Borislav, Drogobych, Zolochiv, Turka, Peremyshlyany, Zhovkivskyy, Stryi, Starosamborskyy, and Sykhivskyy, and the Railroad and Shevchenko associations of Lvov.

[Signed] D. Chobit, chairman of the Brodivskiy Rayon Organization of the NRU.

Nomenklatura Cooption of Democrats Charged

93UN0371A Kiev *VECHERNIY KIYEV* in Russian
17 Nov 92 p 2

[Article by Vladimir Polokhalo, political scientist: "Why the Most Prominent Communists Have Become the Biggest Capitalists: Is Ukraine a Totalitarian Society?"]

[Text] **The political scientist Vladimir Polokhalo comments on the situation in Ukraine**

In a totalitarian society the state is everything and civil society is nothing. The lack of institutions of a civil society and a civil mentality, the alienation of the authorities from most people, and the impossibility for most citizens of controlling the power of the rulers and influencing the making of decisions upon which they, the citizens, depend—these are all characteristic of totalitarian postcommunist Ukrainian society.

In any state there are the ruling stratum or political elite (the organized minority) and the masses. In our country, today just as yesterday, violence of unprecedented scale by this well-organized minority against the majority, the masses, continues. It is violence in the most direct sense, that is, the infliction of enormous material harm on most people and their physical health. But while violence on the part of the elite was carried out in the name of a "bright communist future" in the Stalinist-Brezhnevist version of the political system, now it is done in the name of "building an independent Ukraine."

The state must be built. But what kind of a state?

The prime minister himself, L. Kuchma, spoke of this openly in his informational report at the Supreme Soviet session of 27 October: "Full-scale plundering of the state is underway." But who is plundering the state and the people? The facts cited by the prime minister, which he called "terrible," convincingly attest to the total corruption in the economy, that is, to the idea that the ruling stratum itself and all those who surround it are doing the plundering.

The powers-that-be are enriching themselves—this long ago became an "open secret" to most people. Just as the idea that this does not relate only to the old nomenklatura. "Some of the democrats have no less of an appetite," L. Kuchma delicately summed it up.

But the premier's position is not quite understandable; he proposes to give those who have recently feathered their nests a "pay-off" in order to get back what they have plundered (in particular gasoline) in order to take a loan from them and then pay it off with inheritable land. (Is it possible that for this reason, I mean the tolerant attitude toward the corrupted ruling minority, that the leader of the SPU [Socialist Party of Ukraine] A. Moroz expressed satisfaction with L. Kuchma's ratification for the post of prime minister?)

So, the plunderers, that is, the rich men from the ruling stratum, will become even richer at the people's expense and the poor will become even poorer.

Where Are We Going?

Today we are observing the spontaneous transformation of the communist totalitarian system with monocratic CPSU power into a totalitarian postcommunist system. We have not gotten even one step closer to real democracy or to the realization of the ideas of human rights and freedoms, including economic ones.

In a recent interview with the Zinhua Agency, the president of Ukraine said that to speak of the future, we have a "program, both economic and political." But the government "... must carry out all the necessary reforms in Ukraine."

What kind of a program is that? In whose interests will the "necessary reforms" be carried out? What social strata will benefit from them and what price must be

paid to realize them? We still do not know. For at the Supreme Soviet session when the new government was being formed the president of Ukraine again did not reply.

Does the ruling elite know the answer to the question "What should be done?" and if it does, then let it answer the next question, "How can this be achieved?"

The elite is calling upon society to consolidate. But around what?

An analysis of the political conduct of the ruling stratum in Ukraine gives us reason to assert that during the collapse of the communist totalitarian regime, a large part of the ruling bureaucracy was able to change their political mentality and take the path of social and political compromise in the name of preserving their power and privileges. Skillfully maneuvering, the governing stratum in addition frequently manages to get the support of other large social groups which have not yet become aware of their own real interests and have not acquired the necessary political experience. This "consolidation" supports the needed minimum level of cooperation and tolerance between the ruling bureaucracy and its recent opponents. And in this way social discontent and a social explosion of the majority, which would destroy everything in its path and above all the ruling bureaucracy, are checked. And nomenklatura capitalism is already visible on the horizon.

Who Is Managing Things?

It is precisely in this context that we should view the specific political force in Ukraine, now called the "party of power," which arose in the fall of 1991 as a unique kind of informal successor to the former Communist Party of Ukraine. Without formal structures, this political coalition which really exists and is united by common interests developed from the pragmatic representatives of the first echelon of the party-state nomenklatura as well as a majority of its second and third echelons. The "party of power" actively supported the candidacy of L. Kravchuk for the post of president of Ukraine. And after his election and given the temporary relative consensus in Ukrainian society, it integrated itself around the personality of the president by supporting the idea of the independence of Ukraine and strong presidential power in it.

The strength of the interests of the ruling stratum, on the one hand, and the weakness of the interests of the other social strata, on the other, led to the "party of power" being able to swallow a large part of the former opposition within the space of several months in late 1991-early 1992 by giving it partial access to the "power market." Using this that party achieved the most important thing: it laid a definite demarcation line between the majority, which passively awaited changes for the better, and those who until quite recently laid claim to speaking on behalf of this majority.

The spiritual and political metamorphoses which occurred with many democrat-politicians who had thrown themselves headlong and excitedly into the political market are evidence of this. Disarming the divisions of the opposition as well, the old system significantly strengthened itself, for in the eyes of the majority it had already imparted legitimacy to itself in the new quality of its power.

What Is Being Sold?

Here it is important to emphasize that the "power market" in Ukraine began to be formed right after the defeat of the putsch in August of last year. A specific feature of it was that the ruling stratum, after pushing aside its most reactionary and uncompromising representatives, deliberately opened the doors of the "power market," which used to be closed, to the sensible democrats inclined to conformity who were the leaders of various political associations. The defeat of the CPSU posed a dilemma for the nomenklatura: "To renew itself or to die." The renewal took place in three stages: from August through 1 December 1991; from 1 December through October 1992; and from October to the present time.

The temptation of coming into power was too great and most of the leaders of yesterday's opposition, first one by one and then in whole groups, hastened to find the minor posts which had been carefully prepared for them. Nor did most of the former democrats reject the possibility of substantially improving their material status, which suddenly opened up to them, or the possibility of privileges whose existence for the elite had until very recently caused sharp criticism by the opposition.

Inasmuch as demand exceeded supply, the shrewd old elite raised the price which had to be paid and established strict rules of the game. Those who violated them (for example Lanovoy and Savchenko) were cast aside.

Meanwhile the appetite of the majority increased. Rukh, the KNDS [Congress of National Democratic Forces], New Ukraine, and others, or rather their leaders, with certain exceptions, hungrily tried out various posts. The competition among them also increased. "It seems that we in Ukraine have a great many generals but few soldiers. Parties, unions and movements, and groups of people's deputies... have consulted among themselves very little. If I could propose all the long lists to the government at one time, there would be several one-party cabinets," noted Kuchma sarcastically in presenting the list of members of the government.

At What Price?

Of course, by no means is everything made public and by no means does everything which in fact goes on behind the doors of the "power market" reach us. The constant competitive struggle among groups and certain individuals to possess the universal political commodity, power (and power is a unique form of property), the fervent nature of this struggle, and the talent of the buyers of

power for remaking themselves and adapting to political market conditions remain outside the field of vision of most of the population. But some things are known all the same. At least the fact that the former oppositionists, in coming to power, have assumed the function of providing moral justification for the violence against the majority of the people.

After 1 December of last year, the ruling stratum managed not only to swallow the former opposition by taking in a large number of the leaders. The elite also tried to achieve cooperation on the part of the democratically oriented intellectuals who had not taken an active part in political life. It was precisely for this purpose that the State Duma of Ukraine and its collegiums, in particular, were devised.

In this way, the "party of power" acquired, first, legitimacy in the eyes of representatives of some of the learned intelligentsia who had avoided cooperation with the reactionary government of the Communist Party of Ukraine during the last 2-3 years. Secondly, it intellectually weakened the forces of its political opponents which were small in numbers. And thirdly, the State Duma became a kind of "cadre reserve" for various state posts, for the Cabinet of Ministers, among others. Many of the Duma's members, as everyone knows, were converted into an organic part of the ruling stratum and substantially strengthened its position.

After existing for only 8 months, the Duma had fulfilled its preappointed mission in full. These days many of its functions, judging from everything, will be transferred to the recently created socioeconomic council of the president of Ukraine.

Of course the Duma and the Council are certainly not the only means which can be used to establish the dependence of the intellectuals and the intelligentsia overall on the powers-that-be. The arsenal is a large one. The elite is now experiencing an acute need for office intellectuals able to create effective ideological and political myths and to camouflage reality. And there is an abundance of people who want to put their faith and truth in the service of the elite as advisors.

ECONOMIC AFFAIRS

Pynzenyk on Monetary Reform Policies

93UN0316A Kiev GOLOS UKRAINY in Russian
3 Nov 92 pp 6-7

[Article by Viktor Pynzenyk, vice premier for economic reform affairs and minister of the economy: "Where Should We Start?"]

[Text] *Ukraine's monetary policy is a major factor in destabilization of the economy and a powerful source of inflation. Ukraine has every reason "to be proud of its successes" in state regulation on this sector. During the first nine months of this year only 2.8 percent of the*

revenue planned from foreign trade has been received into the Ukrainian state budget. So what has happened, has trading been halted and have we crawled back into our own shell? Apparently not.

During the first 9 months of this year 2,128 licenses were issued for export operations totaling \$6.807 billion (and this does not even include operations that do not require licenses).

The situation is very simple. Hard currency earned by Ukrainian enterprises is successfully serving the economies of other states instead of supplying our impoverished consumer market, holding down prices, promoting the emergence of new technologies, being a powerful additional source of hard currency credits for banks, and servicing Ukraine's hard currency debt.

So perhaps it is time to get tough? Just try it. We have tried this (instructions on compulsory transfer of hard currency assets to Ukraine, with threats of liability under existing laws). Nothing happened. I sympathize. So try the carrot. We tried it (promises of tax exemption for hard currency transferred to Ukraine from foreign banks), and again nothing happened. Moreover, we are already hearing that money is "fleeing" into Russia or remains there when Ukrainian goods are paid for. According to figures from the National Bank of Ukraine, during the third quarter of 1992 the debit with Russia was 390 billion rubles [R]. And another carrot is being held out. Our commercial banks are paying a higher interest rate for hard currency deposits than the banks in Europe or America. And nothing has come out of this either. Nor will it. Not until the following conditions are met:

1. There is a normal economic situation in which hard currency does not have to be hidden abroad and it is profitable to bring it into Ukraine;
2. For civilized countries this would be enough. But not for us. We must patiently instill in enterprises the conviction that they are insured against any kind of surprises and will have free access to hard currency assets. That is, it is a question of achieving trust in the state among managers, which is an easy thing to lose (with just one ill-considered decision, and just recall how many decisions were made with respect to foreign trade this year alone. And just one is enough totally to devastate trust in the state), but which is extraordinarily difficult to establish because it requires considerable time. The impression is being created that our state is stubbornly refusing to do this.
3. Eliminating all kinds of bureaucratic obstacles in the use of hard currency earned by enterprises (initially), and simplified access by economic subjects to freely convertible currencies (immediately afterwards).

The shaping of a fundamentally new currency policy requires a switch to free internal convertibility of the Ukrainian currency. Let us look at things objectively. Today, conversion of Ukraine's currency is going on at full speed. It goes on successfully in parks, railroad

stations, and stadiums in Kiev, Kharkov, Donetsk, Odessa, Lvov, and other cities. There are no particular problems in exchanging coupons for dollars or Deutsche marks or the reverse. And it is conversion that is taking place, not only convertibility of the Ukrainian currency. It occurs when this process includes the state. But today the situation is such that we will not succeed by introducing a free internal convertible currency all at once. (It is possible also to consider a scenario whereby full convertibility is introduced immediately. This is possible given that other decisions are reached that would make it possible to protect free currency assets belonging to enterprises and the public against inflation. However, for purely psychological reasons this may cause a certain opposition from the managers.) The first step toward this (and immediately!) should be a partly free internal convertibility. For this, the following are proposed:

1. A ban on the circulation in Ukraine of any foreign currency (except for special zones with the special permission of the National Bank of Ukraine).

2. Introduction of a regime under which all exporters are obliged to sell 30 percent of their hard currency earnings to the commercial banks at the market exchange rate in force during the latest trading in the currency exchanges. (Here, other scenarios are possible. For example, the commercial banks could conduct currency operations with a maximum permissible deviation from the latest exchange in the currency exchange.) In order to eliminate possible speculation on increases in the exchange rates for foreign currencies (today these kinds of increases are inevitable), a maximum period should be established for its sale—10 days from the time that hard currency is deposited in the accounts of economic subjects (I feel that a certain resentment may be arising among managers after the first two proposals. But be patient, read to the end).

3. Creation of an interbank currency exchange to which all commercial banks have access. In no case should this exchange be a structural subdivision of the National Bank of Ukraine. Trading in the exchange should be conducted each week initially, and later more often.

4. Abolish payment of tax into the State Currency Fund by managers (in hard currency) for hard currency earnings. Introduce a procedure whereby all economic subjects—exporters of Ukrainian goods—pay tax only in Ukrainian currency according to existing rates for profit tax. For this, currency earnings should be recalculated in coupons at the exchange rate prevailing after the latest currency trading at the time when the hard currency is transferred to the enterprise's account.

5. Permit the opening of currency exchange offices and private offices (Lord knows we have enough experts in this) with notice of registration and specific restrictions as to the exchange rate. In Ukraine today billions of dollars are being converted without any kind of control or taxation. Legalization of this activity would provide an additional source (and not a small one, either) of revenue for the Ukrainian state budget (by taxing this activity).

6. Offer the right to engage in currency operations to citizens without any kinds of restrictions, allowing them to sell and buy currency (for tourist trips and private trips) within established limits (for foreign citizens coming to Ukraine, with the limits of sums declared at entry), and allow enterprises freely to sell currency in regular currency operations except for operations connected with the movement of capital (which should be done with special permission from the National Bank of Ukraine).

7. Ban all barter operations, for which demand is falling off, since all economic subjects will gain free access to freely convertible currencies. The task for managers is to earn Ukrainian currency, for which they can freely obtain dollars, marks, pounds sterling, and francs.

8. Abolish payment of the state tariff (30 percent—Article 4 of the Law on State Tariffs) for hard currency obtained from abroad by Ukrainian citizens. The recently adopted fine decision on the right of all citizens to open hard currency accounts in Ukrainian banks should be augmented with the no less important right for citizens to withdraw their own assets from these accounts without any kinds of restrictions.

9. Introduction of a mandatory summary information system by the customs service on the interception of export goods at Ukraine's customs border.

10. Making the State Currency Fund part of the Ukrainian State Budget; forming this fund on a new basis, namely, by the state acquiring hard currency assets for corresponding items of budget spending; providing the Ukrainian Supreme Soviet with quarterly reports on the size of movements into and out of the fund, in both foreign currency and the Ukrainian currency.

11. Banning acquisition by foreign individuals and legal entities of state property subjected to privatization using freely convertible currencies. Payment should be permitted only in Ukrainian currency, which can be bought for freely convertible currencies in the interbank currency exchange.

Let me offer some brief but very important explanations with respect to the proposed solutions.

This set of measures (it is exhaustive, and there are parallel scenarios) signifies the startup in Ukraine of a mechanism for partial internal conversion of the Ukrainian currency with hard currencies freely available to all economic subjects engaged in import or equivalent operations (except for the movement of capital). And why is it incomplete? The fact is that the risk in changing exchange rates (as the result of inflation) is so great that no force could stop the "leakage" of freely convertible currencies out of Ukraine. Today you sold dollars at an exchange rate of 500 coupons, and a month later you have to import raw materials, but now you 700 coupons for a dollar. In this kind of situation no kind of currency stabilization fund can help, it "grows" too quickly. And this means that partial conversion is done not against a fixed but against a floating exchange rate. And there is

one other "trivial matter" involved in this decision: We simply do not have a currency stabilization fund, it still has to be set up—move ahead or form it with a combined exchange rate.

The decision on compulsory sale of 30 percent of hard currency earnings by exports (it does not affect, as was stipulated by the corresponding law, enterprises with foreign investments. This is an important factor in the painstaking and lengthy work in instilling and restoring trust in the state) is only compulsory in a pro forma way. This sale can be made voluntarily: Economic subjects must pay wages and purchase raw materials, materials, and subassemblies in Ukraine. And this can be done only with Ukrainian currency since the circulation of freely convertible currencies is banned. Incidentally, this also applies to enterprises with foreign investments. And they must do this only on a voluntary basis because they are also paying out costs in Ukraine (wages, taxes, and so forth). In this case, the compulsory sale of freely convertible currencies is needed for just one thing, namely, to ensure more or less stable receipts of hard currency in the currency exchange so as to avoid large-scale speculation and "playing" with the exchange rate. I am convinced that under these kinds of conditions our companies will sell more than 30 percent of their hard currency.

The new approach to forming the State Currency Fund needs special explanation.

At one time the government was particularly "careful" to sell us, the deputies, along with one of the scenarios for the Ukrainian budget, the calculations for it (although incomplete and in truncated form). Even a superficial analysis was enough for the economists to find a number of very interesting factors and ask several inevitable questions. The revenue side of the budget for Ukraine contains a section entitled "revenues from use of the special exchange rate for the ruble (exchange of hard currency)." This year, according to this section, a budget revenue of R24 billion has been shown.

Question 1. In order to sell, it is necessary first to have. But nowhere in the budget will you find a section on hard currency revenues into the budget. So from where are they drawn? Will they just fall from the sky? It becomes clear from the budget calculation that what we are talking about is revenue from assets that will be allocated from the State Currency Fund by cost-accounting enterprises and organizations for centralized import purchases.

Question 2. The state has established a currency tax (it operates in accordance with a Ukrainian Supreme Soviet decree), and it takes into account currency tax paid when it is imposed on the income of economic subjects (this is taken from income), and this means that the budget loses, but the budget contains not a line about movement of the state's currency values. How could it be that in the state's chief financial plan (the budget) the movement (revenue and expenditures) of a considerable part of state assets is not reflected?

Question 3. Who set the exchange rate for the sale of hard currency at R20 to the dollar (!) and who, and on what principle, makes the calculation for hard currency assets between economic subjects?

Question 4. Who in our state knows what this kind of State Currency Fund is and who handles it and makes decisions on it? Personally I have no idea about this.

Many questions could be asked. It is more important to act in such a way that no more similar questions arise. I therefore propose that the State Currency Fund be moved on a mandatory basis to become part of the Ukraine's state budget. In this connection the expenditures part of the budget should contain sections on "assets to form the State Currency Fund" and "servicing the state's foreign debt." The advisability of reflecting the section "revenue from the sale of currency" in the revenue part requires additional major substantiation since there are elements associated with the acquisition of socially very important imported goods, medicines for example. However, neither can we close our eyes to the fact that in the existing system of administrative disposition of the state's hard currency assets, along with extremely necessary medicines we also need corn plasters for removing corns from feet.

From where in the budget is it possible to obtain the means to acquire freely convertible currencies? First, according to Article 3 of the Ukrainian law on income tax for enterprises and organizations, the subject's income from entrepreneurial activity is reduced by the amount of hard currency earnings, from which tax is paid for hard currency earnings. Because of the abolition of payment of the currency tax, a corresponding amount of budget revenues is freed up. Second, additional sums go into the budget from participation in privatization by foreign individuals and legal entities, who are the last to receive freely convertible currencies from sales. This question may arise: Why not sell for freely convertible currencies and transfer them immediately into the budget? The answer is simple: We must enhance the prestige of the Ukrainian currency, not the American dollar.

This means, dear state, going to the currency exchange and buying for yourself on an equal footing with other currencies. The only thing is that the approach must be well considered, particularly during a period of one-time major sales of currency by foreign companies to acquire privatization property. It is precisely at this time that the state (the Ministry of Finance on its behalf) should make major purchases so that in these cases there will be no uncontrolled decline in the exchange rate for freely convertible currencies and the roots of speculation and abuses, possible in this connection, can be "cut off."

Some part of the budget assets formed for the State Currency Fund should be transferred to the National Bank of Ukraine to form a currency stabilization fund. This proportion should be increased sharply if it is

possible to enter into urgent talks with Ukraine's creditors to postpone payment of the state currency debts for one year. There will be the hope, on condition that an anti-inflationary program is adopted (and, the main thing, implemented), of obtaining stabilization funds from the International Monetary Fund. Today it is giving us nothing. And it is acting correctly. For purely economic considerations, if I personally had to make the decision I would not have given Ukraine a single dollar. For what? To move from a program of inflation to one of hyperinflation?

Thus, two subjects act in the Ukrainian currency market on behalf of the state—the government and the National Bank—but with fundamentally different tasks. The government acts in the market as a buyer to acquire freely convertible currencies for state needs. The National Bank engages in currency buying and selling operations. Initially its task is not to permit various random fluctuations in the exchange rate. This is because of the high rates of inflation and the initially very small size of the stabilization fund. The strategic task of stabilization becomes a priority if inflation is suppressed and a currency stabilization fund of adequate size is formed. But since two subjects act on behalf of the state in the currency market (and both quite powerful) this will require mandatory agreement and coordination of their actions.

What kind of results can be expected from the proposed solutions?

First, there will inevitably be an extremely significant, slow decline in the exchange rates for freely convertible currencies (I think that the reasons are obvious and I shall not therefore explain this further).

Second, currency speculation and "games" in the various hard currency exchange rates and other currency abuses will cease.

Third, the budget will obtain additional revenue as the result of legitimization of taxes on currency operations.

Fourth, hard currency will gradually start to re-emigrate and return to Ukraine.

Fifth, implementation of anti-inflationary measures (we have talked of them in previous conversations and we will complete them in our next one) along with the fact that partial internal convertibility is itself an extremely important stabilization and anti-inflationary factor, will create the prerequisites for total internal convertibility—a first important step toward free convertibility of the Ukrainian currency.

Sixth, foreign trade activity will be considerably simplified, the problem of barter, which is technically very complicated and economically disadvantageous for the state, will ease, and normal conditions will be created for activity by foreign investors and for investment in Ukraine (there is no problem with repatriation of profits.

And in time and with growing trust in our state, foreign companies' profits will increasingly remain in Ukraine for reinvestment).

Seventh, the very high initial exchange rate for freely convertible currencies make flow of currency into Ukraine unprofitable. And this takes place through two main channels—export earnings and foreign investment. Under these conditions there is no need specially to protect domestic commodity producers as they will be protected by the high currency exchange rate, which makes exports very profitable and suppresses imports (except for investments; as far as they are concerned the opposite applies). The situation will change only as freely convertible currencies move into Ukraine. Increasing the freely convertible currencies made available will lead to relative, and over time, absolute decline in the exchange rates. The situation will change with respect to exports and imports. The former will become economically less profitable and the profitability of the latter will grow. The state should not (it does not have the right!) miss this moment (there are also other essential decisions here which will be discussed in subsequent materials). The fact is that most of our commodity producers are unable to compete with the world "sharks" (in terms either of price or quality). We should not permit our own commodity producers to be squeezed out of the Ukrainian market, suppressed. This means that we need a system of certain protectionist, defensive measures. At the same time we must not make domestic commodity producers retreat into their shell, or remove them from competition with foreign companies. Otherwise we will never join the ranks of the civilized developed states and we shall not be integrated into the world economy, but will be doomed to vegetation.

In conclusion I believe that it is necessary to draw the attention of the experts to certain important factors affecting the subjects of the discussion that have been raised. I also hope for constructive additions in resolving the problems we have considered.

Directive on East European Association of Entrepreneurs

935D0104A Kiev URYADOVYY KURYER
in Ukrainian 6 Nov 92 p 12

["Directive of the President of Ukraine on East European Association of Entrepreneurs"]

[Text] With the goal of expanding the ties of entrepreneurs of Ukraine with organizations of businessmen of the world's countries:

1. To recommend that ministries and other central organs of state executive power and economic structures of other forms of ownership promote the East European Association of Entrepreneurs and its coordinating organs in their activities with regard to the development of free enterprise and mutually profitable economic, scientific,

and other ties between business circles of countries whose entrepreneurial associations belong to this association.

2. For the Ukrainian Cabinet of Ministers to examine proposals of the coordinating council of the East European Association of Entrepreneurs with regard to matters of its communications and the participation of entrepreneurial structures belonging to the association in the development of telephone communications and other types of communications between Kiev and the capitals of foreign countries and with regard to press publications of the association using (on a commercial basis) the polygraphic base of the Ukrainian State Committee for the Press.

3. For the representative of the president of Ukraine in the city of Kiev to examine according to established procedure the question of providing the East European Association of Entrepreneurs with appropriate structures.

[Signed] L. Kravchuk, president of Ukraine
Kiev, 28 October 1992

Statute on Licensing Specialized Enterprises for Intermediary Business Activities

935D0104B Kiev URYADOVYY KURYER
in Ukrainian 6 Nov 92 p 13

["Statute on Procedure for the Issuance to Specialized Enterprises of a Permit (License) for the Performance of Intermediary Activities in the Process of the Privatization of State Enterprises"]

[Text] General Provisions

1. In accordance with the Ukrainian Law "On Privatization of Property of State Enterprises," this Statute defines procedure for licensing of the activities of specialized enterprises in the process of privatization of property of state enterprises.

2. Specialized enterprises are juridical persons that have the right to perform auditing and consultative services in accordance with their charters.

3. The following types of intermediary activities are subject to licensing:

inventorying of property of state enterprises;

appraisal of property of state enterprises subject to privatization;

inventorying and determination of the initial value of uncompleted construction and property of liquidated enterprises;

drafting of a plan of privatization of an enterprise;

preparation of constituent documents in the transformation of state enterprises into other organizational and legal forms;

preparation of documents and materials with regard to the privatization of a facility that are stipulated in the contract with the orderer;

preparation and issuance of methodological materials on questions of privatization;

organization of scientific and practical conferences and seminars on questions of privatization;

preparation of materials necessary for the transfer of an enterprise to leasing and leasing with a right to buy;

granting of consultative and legal services on questions of privatization;

analysis of documents used in the privatization of state enterprises.

4. The issuance of licenses for the performance of intermediary activities in the process of privatization of property of state enterprises is performed by the State Property Fund of Ukraine (henceforth—the Fund).

5. The total quantity of licenses and the period of their validity is defined by the Fund.

Organization of Licensing

1. To receive a license juridical persons submit to the Fund the following documents:

an application for the issuance of a license for the performance of intermediary activities in the process of privatization of property of state enterprises;

copies of constituent documents attested by a notary public;

a list of the specialists who will be directly engaged in intermediary activities;

a qualification certificate.

2. Juridical persons that have submitted documents bear responsibility for the reliability of the information submitted.

3. The Fund makes a decision within a period of 30 days from the moment of submission of the necessary documents on the issuance of a license or the refusal to issue a license, concerning which the applicant is notified.

4. An evaluation of the ability of a juridical person to perform the appropriate types of activities is performed using the following criteria:

the degree of qualification of the specialists, taking into account level of education and years of work;

the specialists' knowledge of Ukrainian legislation on ownership, privatization, etc. (which is affirmed by an appropriate qualification certificate).

5. A refusal to issue a license may take place in the event of the noncorrespondence of the submitted documents

to the requirements of Ukrainian legislation, their unreliability, the absence of documents, or the noncorrespondence of the specialists' qualifications to proposed requirements.

6. If a license is not issued within the established period of time or the juridical person considers the refusal to issue a license unjustified, that person may address a court within a period of one month.

7. Juridical persons have the right to perform intermediary activities as of the moment of issuance of the license.

8. Issued licenses are not subject to transfer to other juridical persons.

9. The Fund has the right to suspend a license for a certain period of time or to annul it in the event of the violation by the intermediary of established procedure for the performance of intermediary activities.

Approved by order of the chairman of the Board of the Fund of State Property of Ukraine dated 12 August 1992, No. 138

***Materials of the Informational Bulletin of the Fund of State Property of Ukraine, PRO PRIVATIZATSIYU, were used in the preparation of this article.**

Decree on Procedure for Settling Accounts for Goods Imported From States, Republics of Former Soviet Union

935D0104C Kiev URYADOVYY KURYER
in Ukrainian 6 Nov 92 p 4

[“Decree No. 605 dated 2 November 1992 of the Ukrainian Cabinet of Ministers and the National Bank of Ukraine on a Procedure for Settlements for Goods Delivered From States and Republics of the Former USSR”]

[Text] Taking into account the need to bring order to interstate settlements in conjunction with a significant increase in the indebtedness of Ukraine with regard to settlements with other states and republics of the former USSR, and based on conditions of agreements concluded by Ukraine with the aforementioned states, according to which payments of economic entities of Ukraine to other states may be viewed as a portion of the foreign state debt of Ukraine, the Ukrainian Cabinet of Ministers and the National Bank of Ukraine decree:

1. To create a commission, staffed in accordance with Annex No. 1, for the regulation of settlements for goods

delivered from states and republics of the former USSR that use the ruble as a means of payment

2. To affirm a list of output and raw materials that are imported by state enterprises from Russia, settlements for which must be performed via settlement centers of the National Bank of Ukraine, in accordance with Annex No. 2.

To entrust the Ministry of Economics with determining within a three-day period a list of output and raw materials that are imported by state enterprises from other states and republics of the former USSR for the performance of settlements in accordance with this decree.

3. For the commission to submit for payment, via a correspondent account of the National Bank of Ukraine at the commercial bank of the Russian Federation, negotiable instruments with regard to specific enterprises and organizations in accordance with the list of output and raw materials stipulated by Annex No. 2.

4. To establish that, prior to the introduction into noncash circulation of a Ukrainian karbovanets, the National Bank of Ukraine will not accept negotiable instruments and will not perform payments addressed to the Central Bank of the Russian Federation for output and raw materials that are not included on the list stipulated by Annex No. 2.

5. To recommend that state enterprises and organizations conduct via correspondent accounts of commercial banks opened in states and republics of the former USSR settlements with importers of the aforementioned states for output and raw materials not included in lists stipulated in point 2 of this decree, and, with regard to nonstate enterprises and organizations—for all output and raw materials that are imported.

6. For the National Bank of Ukraine to inform the commission on a daily basis concerning the availability of assets in correspondent accounts of the National Bank of Ukraine at central banks of other states that use the ruble as a means of payment.

[Signed] L. Kuchma, prime minister of Ukraine
V. Hetman, chairman of the Board of the National Bank of Ukraine

Annex No. 2 to Decree No. 605 dated 2 November 1992 of the Ukrainian Cabinet of Ministers and the National Bank of Ukraine

List of output and raw materials that are imported by state enterprises from Russia, settlements for which must be performed via settlement centers of the National Bank of Ukraine (billions of rubles)

Name of the output	Transferred to the commercial bank of Russia	Indebtedness on the output received	Sum which must be transferred prior to the end of the year
Oil and petroleum products	27.641	8.000	54.121
Natural gas	38.116	-	9.810
Timber (mining props)	1.000	0.979	1.475
Ventilation pipes	-	-	0.630
Nickel	3.322	-	-
Copper	4.352	-	-
Raw Aluminum	0.235	-	-
Babbitt	0.016	-	-
Liquefied gas	0.880	-	5.760
Residual fuel oil for the Ministry of Energy	-	-	27.000
Subtotal	75.562	8.979	98.796
Total	183.337		

On Procedure for Work With Enterprises Having Foreign Investment, Economic Companies

935D0104D Kiev URYADOVYY KURYER
in Ukrainian 6 Nov 92 p 14

["On Procedure for Work With Enterprises Having Foreign Investment and Economic Companies (Order No. 329 dated 28 September 1992 for the State Property Fund of Ukraine)"]

[Text] To regulate the list of state property that exists in the charter fund of enterprises with foreign investments and economic companies, in accordance with the Ukrainian Law "On Privatization of Property of State Enterprises" and on the basis of the Temporary Statute on the Fund of State Property of Ukraine I order:

1. To approve the procedure for coordination of the participation of state enterprises and enterprises with a state share of property in economic companies and enterprises with foreign investments (henceforth—companies) and a list of necessary documents (Annex 1).
2. To approve a list of questions that are subject to coordination with the State Property Fund of Ukraine in the process of economic activities of companies (Annex 2).
3. To establish that privatization within the property of companies of shares (stocks, stock shares) under state ownership will be performed by the State Property Fund on a competitive basis or at an auction at market prices, taking into account potential profitability and zonal coefficients.

Where other conditions are equal, a nonstate participant in the company has a first-priority right to the purchase of such a share.

[Signed] V. Vasylyev, acting chairman of the Board

Annex 1

List of documents that are submitted to the State Property Fund of Ukraine:

1. Application;
2. Draft of the founding contract of the company;
3. Draft of the charter of the company;
4. Technical and economic justification;
5. Written consent of the appropriate ministry or committee;
6. Written consent of the local organs of power;
7. Minutes of assemblies of the labor collective of a state enterprise;
8. Register of basic assets and an expert appraisal of property that is being contributed by the parties to the charter fund of the company, taking into account market prices.
9. Banking guarantees and registration certificates of the parties: (Documents of foreign partners must be compiled in Ukrainian and attested by an authorized institution).
10. Charters of participating Ukrainian juridical persons;
11. Recommendation of the regional branch office of the State Property Fund.

Annex 2

List of questions that are subject to coordination with the State Property Fund of Ukraine in the process of economic activity of companies:

1. Changes and additions to charter documents of the companies;
2. Changes in the charter fund;

3. Redistribution of shares;
4. Creation of subsidiary enterprises;
5. Participation in joint enterprises and associations;
6. Sale, transfer, or surrender of the share of a Ukrainian participant under a state form of ownership to a third person;
7. Relinquishment in favor of third parties of basic assets contributed by a Ukrainian participant to the charter fund of companies;
8. Copies of the annual report and the act of auditor's inspection are submitted to the State Property Fund of Ukraine;
9. Privatization of a share of the property of companies that is under state ownership will be performed in accordance with point 3 of this order. An appraisal of the company must be performed taking into account market prices.

INTERNATIONAL AFFAIRS

Lukyanenko on Diplomatic Work in Canada

93UN0312A Kiev LITERATURNIA UKRAYINA
in Ukrainian No 44, 5 Nov 92 p 7

[Interview with Levko Lukyanenko, ambassador extraordinary and plenipotentiary of Ukraine to Canada, by LITERATURNIA UKRAYINA special correspondent Serhiy Kozak on 18 September 1992 in Ottawa, Canada: "Canada: The Ukrainian Embassy"]

[Text] The name of Levko Lukyanenko is known to the world. This is a name which conjures up four decades of struggle for human rights and the rights of nations, for a democratic Ukraine with its own statehood. In May 1992 he was appointed the first ever ambassador of an independent Ukraine to Canada. In June he presented his credentials to His Excellency Mr. Hnatshyn, the governor general of Canada. At a festive ceremony on this occasion Governor General Raymond Hnatshyn stated, addressing our ambassador: "Together we are embarking on the second century of the life of Ukrainians in Canada..." Indeed, our embassy—the attribute of a nation state—came into being at the end of the first and beginning of the second century of Ukrainian presence in that country. It came into being, and it is already operating. We offer the readers of LITERATURNIA UKRAYINA a conversation between our staff correspondent and Levko Lukyanenko, ambassador extraordinary and plenipotentiary of Ukraine in Canada.

[Kozak] Mr. Levko, your appointment as ambassador got a mixed reception in Ukraine and the emigre community. Some saw in it a deliberate desire to "weaken" democratic forces in Ukraine, especially the URP [Ukrainian Republican Party], the first opposition party

in Ukraine. Others, aware of the significance of establishing state-to-state relations for the assertion of our young statehood, felt "inner consent" to a person who is worthy of this mission being appointed to large and influential Canada. In essence, the differences came up with regard to where "Ukraine needs Lukyanenko more at present: in the area of domestic or foreign policy?"

[Lukyanenko] Indeed, my withdrawal from vigorous political activities may be interpreted in various ways. First of all, I would like to say that this appointment was not made against my will, that I came here myself, I came here eagerly. I view Ukraine's current situation as one that already represents the regular growth of a new state. Previously we fought for various rights in Ukraine, for freedom of speech, freedom of the press, freedom to create political parties, and so on in Ukraine. We accomplished that. Subsequently we proclaimed independence and began to build our state. At the time this struggle in Ukraine was very important, and I could not go anywhere. However, by 1992 Ukraine has already covered some distance, it is "establishing" itself as an independent state. The main forces in Ukraine come out in favor of independence. Even Moroz's Socialists, the existing forces of the now nonexistent Communist Party, have accepted the idea of independence and do not come out against it. It is another matter that we have a "fifth column" and various "werewolves" who would like to destroy our statehood and again put Ukraine in Russia's bondage. Still, as far as domestic forces are concerned, there is no great threat to our independence.

Therefore Ukraine, having embarked on the path of building an independent state, now needs an outlet to the outside world. The establishment of a diplomatic service is an appropriate and very significant process in the course of creating a state, as is the creation of a country's own army and border control and customs services. During all the preceding years I was at "the front line" and did what was most necessary. At present work on creating the diplomatic service in order to protect national interests, this time in the external arena, is such an urgent necessity. I agreed to go into the diplomatic service since I appreciate such tasks of Ukraine.

[Kozak] What did you happen to begin with here?

[Lukyanenko] Ukraine is just building up its diplomatic service. Three months ago our Ministry of Foreign Affairs numbered 200 employees. It was 200 all told, including typists, not just diplomats. This is very little! In other countries 2,000 to 3,000 employees in the ministry proper and, in addition, almost as many diplomats is considered the "norm." The need to open many missions and search for people who would duly represent our state—all this put a certain strain on Ukraine.

As a rule when a mission is opened in another state the ministry sends an "advance team" whose task is to find buildings for the embassy and the ambassador's residence and to resolve other organizational issues. For the most part the ambassador and other diplomats arrive

after that, and then the embassy opens very quickly. None of this was done in the case of Canada. I knew that I was going to do the groundwork myself, and that I was to do everything that the "advance team" is supposed to do in such cases. Consequently we had to begin by resolving organizational issues. Certainly this interferes somewhat with actively expanding mutual relations with diplomats and Canadian politicians. I have nowhere to invite them for a meeting; I have no address of my own. This is bad. The embassy is still not organized as it should be.

[Kozak] What does the Ukrainian Embassy in Ottawa amount to at present (number of staff, areas in which you have already begun to operate), and what is your vision of it in the nearest future?

[Lukyanenko] Our embassy will be small. Six or seven people will work there, perhaps more later. The main areas of operation are political, commercial and economic, scientific and technical, cultural and informational, and consular. At present we have a minister counselor, who will be in charge of the political area, and the first secretary for consular affairs. For a period of time the three of us did everything. Recently a capable specialist, a candidate of sciences, arrived here to take the post of first secretary of the embassy for science and technology. He took charge of the issues of the economy and commerce. A secretary for culture and information came and covers things which belong in this area. I try to distribute responsibilities in such a way that everyone works on his own. However, at the same time we will have to expand the topical scope of the work, as there are many other problems.

Right after I arrived here we immediately faced the issue of whether to embark on consular work or to wait. This was not a simple choice. If we were to begin, it meant that one of our staff members would discontinue political work completely, and another (recall that there were only three of us) would have to devote one-half of his working time to consular duties. Therefore, more could have been done in other areas without doing consular work. However, I resolved to start up the operation of the consular section. This had to do with the fact that many Ukrainians were traveling to Ukraine, especially in conjunction with the first anniversary of independence. Therefore, the people would have paid money once again to Russian consulates, and would have received visas for Ukraine through Russia once again. In turn, I wanted to sever this dependence sooner, and to establish direct ties between the citizens of Canada and Ukraine. This is a great effort from the point of view of asserting independence.

However, at the same time, things happened as we expected. I mean the almost total involvement of two staff members solely in consular work. We got a tiny room, and the telephone in it rang off the hook. As a result we completely left the issue of a building for the embassy in the hands of the Congress of Canadian Ukrainians (KUK).

[Kozak] How was this important issue resolved?

[Lukyanenko] The Congress of Canadian Ukrainians assumed the obligation to make arrangements for the Ukrainian Embassy, in particular to buy premises for both the embassy and the residence. There are people in Canada who wish to help us. However, there were certain disagreements and even ambitions among those who undertook to help. All of this hindered the effort. We were in operation for more than three months without premises. We do not know how and when this issue would have been resolved had it not been for Mr. Erast Hutsulyak (chairman of the Society of Rukh Supporters in Canada), who has risen above all of these "disagreements and ambitions" and has just bought a building for the Ukrainian Embassy with his own funds (\$615,000). He did what the KUK was supposed to do.

[Kozak] What assets and buildings of the former Union remain in Canada? Are there any prospects of Ukraine receiving its share of all of this?

[Lukyanenko] I have met with the Russian ambassador, a very nice person who commands respect. However, resolution of this issue depends on the governments of our states rather than on him. There has been none to date. Nothing has been accomplished along these lines. At this point we have the decision of the presidents, who agreed that this Union property should be divided. In particular, buildings for embassies, trade missions, and consulates are to be transferred to the republics. The ministers of foreign affairs of Ukraine and Russia have signed an appropriate agreement. An intergovernmental commission has been established which must decide what will be transferred to whom. From preliminary calculations we know that Ukraine claims 16.37 percent of the property of the former Union. This is an approximate, "working" number from which we can proceed in a more or less substantiated manner. We know well what property the Ministry of Foreign Affairs and other departments of the former Union had in Canada; we have a complete list of it, and we have a notion of what we should receive. I cannot say what our government will decide. The scenario is quite possible whereby our minister of foreign affairs would want to obtain from Russia less than the 16 percent which is due us in Canada, but more in other countries. This approach is also possible.

[Kozak] Does Ukraine plan to have consulates in Canada in addition to the embassy, and in what cities?

[Lukyanenko] For now we have a consular section at the embassy in Ottawa itself, whose work at present is handled, in essence, by one person. We may say that he is overworked: On one hand, this is good; on the other hand, he needs assistance. Our ministry is planning to have two consulates in Canada—in Toronto and Montreal. Therefore, Ukraine will have a total of three consular facilities. In Toronto they have already embarked on relevant preparations. Mrs. Shafranyuk, incidentally a relation of the well-known friend of Ukraine Borys Vzhesnevskyy, has allocated part of her house (which, I

will note on this occasion, houses a well-known Ukrainian art foundation), in which the first floor (with quite a large area) will belong to us. We have already confirmed the draft for remodeling these premises for the consulate. Repairs are currently underway and will be completed in about two months. I expect us to be able to open a consulate there by the end of this year. As far as Montreal is concerned, we will embark on the same effort somewhat later.

[Kozak] Canadian mass media devoted much attention to the ceremony of the presentation of credentials by the Ukrainian ambassador, covering this event in a series of materials. Certainly, the ambassador himself also remembers this event?

[Lukyanenko] The ceremony of the presentation of credentials in Canada is very colorful and solemn. I would even say that it is organized pompously. A special Canadian limousine, but with a yellow-and-blue flag, drove up to the hotel where I live. It took me to the residence of the governor general. Then I switched to a fiacre pulled by very fine horses. We came to the residence, where I was greeted, with an escort of executive officials of the Ministry of Foreign Affairs of Canada and the guard dressed in interesting, old-style uniforms and large hats. This ceremony was long. I will only say that, in addition to the presentation of credentials, it included many noteworthy details, in particular, the introduction of diplomats from our embassy (and their families) to Governor General R. Hnatshyn, the delivery of speeches by myself and the governor general, and my "one on one" meeting with him, which was very interesting and concerned the future of mutual relations between Ukraine and Canada. (It is known that Raymond Hnatshyn is of Ukrainian descent, and he does not conceal but rather stresses his background: All Ukrainian symbols are incorporated in his governor's coat of arms.) Besides this, the ambassador does not have the right to show up for the proceedings in a regular suit. A special tail coat was sewn for me for this ceremony. In a word, everything was in the spirit of very old traditions of this land, this country.

At the time I thought among other things that this is not done in Ukraine. In our country the procedure for presenting credentials is much simpler, though it is held in Mariinsky Palace. I wondered whether it is worthwhile to have such a drawn-out ceremony, and I came to the conclusion that it is. It is not procedure in and of itself that is highly significant, but rather the fact that another state has come to Canada as represented by the ambassador. His presence also affirms the presence of the state of Ukraine in Canada. Therefore, this is an act of great state significance. This majestic act should not be reduced to "protocol." I think that a corresponding procedure steeped in our traditions should be introduced in Ukraine as well.

[Kozak] Canada was among the first to recognize an independent Ukraine. Has the country of the "maple

leaf" "regretted" this step: As you see it, what is Canada's interest in Ukraine? In particular, how serious is the attraction of economic relations with our state for Canada?

[Lukyanenko] I do not think that Canada has regretted this step. However, we should say objectively that many Canadian politicians are politicians with a "pro-Russian" orientation, to whom Russia appears "the first and more important." They think that only the abbreviation has changed from the "USSR" to the "CIS," that the states which have emerged are not full-fledged independent states, and that Moscow and Russia remain the real center and the real state. There is this approach, and this kind of inertia exists (certainly, there are politicians who understand full well the rationale for our statehood). Therefore, we are facing a complex political environment in which we will have to do a lot in order to change this obsolete thinking and win over more politicians for our side so that they will understand our needs better.

In general there is much room and a favorable atmosphere for the development of political and especially economic relations. Ukraine has a great many things that it can offer Canada, and not only raw materials, notwithstanding the fact that this country belongs to the "Big Seven" of the most developed countries of the world. Certainly, Ukraine is also a great market for the use of Canadian capital.

[Kozak] The operation of the embassy and, in general, the establishment of Ukrainian-Canadian relations are closely tied to the existence of a large Ukrainian community in Canada. It is good that we, Ukraine and the emigre community, have found each other in recent years. However, it appears that the period of "enthusiastic mutual discovery," a romantic "honeymoon," and mutual idealization is coming to an end. What kind of period is coming in the relations between the "two Ukraines?"

[Lukyanenko] A period of romantic notions is coming to an end, and people are going back to reality. There are several reasons for such romanticism. In Ukraine, it was believed that in Canada all benefits are the "gift of the heavens," and that the emigre community has "deep pockets" and can give Ukraine any amount of funds. However, when our people began to visit more often they saw that everything that Canadian Ukrainians have is the result of very hard work, and in addition, not just a year or two: Ukrainians have lived here for 100 years now, and what they have now represents the accomplishments of several generations. Nothing comes to you here all by itself. Therefore, we should not think that these people will keep giving. This is not heaven on Earth, and there are no "deep pockets..."

As far as Canadian Ukrainians are concerned, they were unaware for a long time, and believed that the people in Ukraine are not quite educated. The awareness is now growing that the standard of knowledge of Ukrainians in Ukraine is high and that the labor force in Ukraine is

highly skilled. They see specialists coming from Ukraine with an excellent knowledge of computers, and farmers with excellent knowledge of machinery... Following from this, they understand that Ukraine is not a "barbaric country" but an ancient civilized country which was "tightly" organized only as a result of occupation, and is now in a disorganized state.

However, disappointments still occur, and here is why. Following preliminary agreements on mutually advantageous business matters, the Canadian side begins to fulfill these agreements, believing that the treaties are also being complied with in Ukraine. However, in Ukraine they are not even responding to inquiries and proposals. They write once, twice, three times from here (!), and receive from Ukraine—not a word (!) The following questions arise: Why on earth reach agreements, who are those Ukrainians, and is it worthwhile to undertake all of this business with Ukraine—perhaps it is better in Taiwan or China. Over there, labor is also cheap, and they simply cannot wait to receive offers and "consent" from Canadian businessmen. Therefore, there is disappointment. Love for Ukraine is great, but they often kill this love in our Ukraine. Recently Taras Didus, vice president of one of the largest banks in the world, told me in Montreal, with tears (!) in his eyes: "Help us to help you in Ukraine!" I would like us to act like people, and understand that even if they shake hands with us today, tomorrow they may not do so. If we want to interact, we should act reciprocally, not just "talk reciprocally!"

[Kozak] How would you characterize the current status of Ukrainian diplomacy in general?

[Lukyanenko] Ukrainian diplomatic posts (embassies) are just beginning operations, and then only in some states. Therefore I think that both our embassy in Canada and embassies in other states are at the same, organizational stage. There are difficulties everywhere, and they are perhaps more or less the same. Space is needed everywhere, diplomats are needed everywhere. Ukraine lacks experienced diplomats. Ukraine faces a problem: How are young diplomats to be trained? How are the culture, knowledge, and practice of this business to be imparted to them? This problem may now be resolved with the help of our Institute of International Relations and the Diplomatic Academy which is to be established this year. During this period of transition we need the experience of our own embassies which are already operating; we also need to actively absorb the experience of other diplomatic missions and services. The world still knows very little about Ukraine. A lot of work is needed in order to change people's views concerning Ukraine.

Extensive ties between all of our embassies are needed. After all, all of us ambassadors face the same task: to explain the policy of the president and our government. We should explain it similarly. We should give similar interpretations of the political actions of the president and the government. However, given the fact that in

Ukraine itself it happens to be "dissimilar" (they are also in a period of transition, a keen political struggle is on, and ambiguous utterances do happen), we are in a very difficult position here. How can we explain similarly what is ambiguous in Kiev itself? However, if we give different interpretations (for example, I give one and my colleague in the United States another) we will confuse the world press and politicians from other states. This cannot be allowed to happen. How is this to be prevented?... Such are our difficulties. I think that we will learn to overcome them and present the position of the leadership of our state in a coordinated manner. It is necessary to develop Ukrainian diplomatic vocabulary and our own terminology; it is necessary to change old imperial instructions. If we want to have our own national identity throughout the world, we must not just defend the national interests of Ukraine but defend them in terms of our own notions which are derived from the foundations of Ukrainian political culture.

Envoy on Diplomatic Priorities With Turkey

93UN0313A Kiev URYADOVYY KURYER
in Ukrainian No 50-51, 6 Nov 92 p 7

[Interview with Ihor Turyanskyy, Ambassador Extraordinary and Plenipotentiary of Ukraine to Turkey, by Valeriy Dzhyhun; place and date not given: "Even the Sea Does Not Separate Us"]

[Text] **Ukraine and Turkey are neighbors. Only the sea separates the two states. Is it possible to say that Ukrainian-Turkish relations have existed? Strange as it may be, they are only beginning to develop at present, and they do have a rich history. It was precisely this point that opened our conversation with Ambassador Extraordinary and Plenipotentiary of Ukraine to Turkey Ihor Turyanskyy.**

Ihor Mefodiyovych narrated: "Turkey is a country from among those which have priority significance for Ukraine from the point of view of establishing bilateral relations in the political, foreign economic, cultural, and even military areas. Indeed, in the military area, this is a very important issue. The presence of a large fleet carrying nuclear weapons aboard worries our neighbors to the south. We should also keep in mind the fact that Turkey is a territory through which drugs spread to Europe. Unfortunately, drugs end up in Ukraine as well. This is why it is necessary to develop cooperation with the Turkish side in preventing drug trafficking. Turkey is showing interest in this issue, and it is necessary to support its efforts to cooperate with Ukraine at the level of the Ministries of Internal Affairs. At present, international crime is organized to such a degree that it covers virtually the entire world; we should work together in this area. For example, I learned, quite by chance, that at present close to 10 Ukrainian citizens who have violated the laws of this country are serving time in Turkish prisons.

However, a large layer of historical and cultural ties between Ukraine and Turkey exists, which has recently

been entirely forgotten because of certain circumstances. We maintained relations only within the framework of cultural ties of the Soviet Union, and those were almost formal in nature. However, we remember, for example, that Bohdan Samiylo, judge general of the Zaporozhye Host, was the first ambassador of Ukraine to Turkey; he was dispatched there by Bohdan Khmelnytsky as early as 1653, i.e., one year before the unification of Ukraine and Russia. At the time, an adequate treaty and legal base was created by the two countries, despite the fact that there were both bright and black pages in our relations.

Let us recall Nastya Lisovska, Roksolana, who did a lot to reinforce good-neighbor relations between Ukraine and Turkey. She had a great influence on her husband, Sultan the Great, and was quite a prominent political figure in the life of Turkey at that time. Unfortunately, we have few historical records associated with this remote period. Considerable amounts of Ukrainian archival materials are now kept either in Moscow or in other countries, and nobody is in a hurry to return them to us. To tell you the truth, we do not demand this very vigorously ourselves.

Representatives of the Ukrainian emigre community have sent me very many articles which were printed more than 10 years ago in the newspaper SVOBODA, which is published in the United States. To my great shame, I learned the names of all the members of the Government of the Ukrainian People's Republic from the 1918-1922 period only from these articles, as well as the names of the Ukrainian ambassadors who worked in Turkey at that time and the names of the Turkish ambassadors to Ukraine. I have gotten hold of a picture of the premises of the Ukrainian Embassy in Istanbul in 1922. What kind of premises were they: Were they Ukrainian property or temporarily leased? How are they to be found? However, at present, we have no property in Turkey. We are still standing with our hand stretched to Russia, and we are still unable to divide up property abroad. Russia has not returned to us any premises in any country for the operation of embassies. This process takes time, but it is advancing too slowly. Insofar as Ukrainian embassies are already operating in some countries, this is thanks to the Ukrainian emigre communities of these countries. We know nothing about the existence of the Ukrainian emigre community in Turkey. Undoubtedly, there are descendants of Ukrainians there, who at one time migrated to Turkey; Ukrainian roots must have remained. The ambassador of Turkey to Ukraine told me that he had happened to meet with Turkish scientists, who convinced him that they have Ukrainian roots and would like to establish contacts with the motherland of their ancestors.

I would like to note yet another paradoxical detail. Following the liquidation of the Ukrainian School of Oriental Studies during Stalinist repressions, the people who have command of the Turkish language are few and far between in Ukraine at present. This is why we encountered great difficulties in staffing the Ukrainian

Embassy in Ankara. Therefore, the task emerges of developing Ukrainian studies in Turkey and Turkology in Ukraine. Interesting proposals have already been made by the Turkish side with regard to beginning an exchange of students between the two countries. We are separated only by the Black Sea. However, it unites rather than separates us.

We paid almost no attention to this closest neighbor to the south during the Soviet period. Meanwhile, Turkey has made great strides in the course of its development in the last 12 years, all of this because of a well-thought-out process of denationalization and privatization. At present, it is pulling closer to the level of so-called newly industrialized states in terms of its economic development. I believe that the experience of Turkey in this area would be very useful to Ukraine.

Two years ago, President of Turkey Turgut Ozal came up with the initiative to create a Black Sea economic cooperation zone. Following much preparatory work, the Black Sea Declaration on Economic Cooperation was signed by the presidents of countries adjacent to the Black Sea, including Leonid Kravchuk, on 25 June 1992, in Istanbul. The objective is to create a system of cooperation between these countries on the pattern of the EEC. It was agreed that the countries interested in Black Sea economic cooperation would develop contacts in the areas of the economy, tourism, telecommunications, transportation, communications, and so on. Why can we not cooperate with these countries more vigorously? We can. Such cooperation offers great advantages to us.

When a delegation of the Grand National Assembly of Turkey, headed by Husamettin Cindoruk, visited Kiev, they began each of their conversations by saying how long it had taken them to get to Kiev from Ankara through Frankfurt-am-Main, because there are no direct flights. Why? Nevertheless, there is great interest in developing cooperation between neighbors on the part of the business community and state structures. I believe that this should become one of the main tasks of the operation of our embassy: to stimulate the development of such mutually advantageous relations through our presence and our efforts. But it is embarrassing that a protocol on direct flights was signed as long as half a year ago, but not a step has been taken by our side in this direction, and the issue has come to a halt.

What will the operation of the Embassy of Ukraine in Turkey begin with? First of all, we should begin with consular work in Ankara, and especially in Istanbul. It is also necessary to have a consular facility there in order to resolve the issue of protecting the rights of our citizens, to issue visas to enter Ukraine, and to provide legal protection in the area of navigation. The absence of our employee in Istanbul considerably complicates the resolution of even insignificant problems. Besides, consular work is self-financed. That is, it may become a source of foreign exchange proceeds, as well as finance the operation of our embassy in Ankara to some extent. The issue

of creating a legal foundation for relations between Ukraine and Turkey should be second, but not in terms of its significance. Certain things have already been accomplished. President of Ukraine L. Kravchuk and Chairman of the Supreme Soviet I. Plyushch have visited Turkey. A number of documents of a general nature have been signed; we should move on proceeding from these documents. At present, close to 30 agreements of all kinds between Turkey and the Soviet Union apply. Although Ukraine announced that it would comply with these treaties (inasmuch as they do not run counter to Ukrainian legislation currently in effect), it is clear that they are temporary in nature, and that Ukraine needs its own treaty and legal base with Turkey in order to establish civilized relations in keeping with the norms and rules of international law. This is a great effort, but it is necessary to review agreements, treaties, and protocols existing since the times of the USSR, to verify to what degree they are in line with our interests, and to prepare new ones, this time between Ukraine and Turkey. It is necessary to look for possible areas which are not covered by existing agreements.

Furthermore, it will be necessary to perform the main function of an embassy—to represent our country, the president, and the government in the country of stationing. This includes gathering information on the attitude of Turkey toward Ukraine, toward processes underway in our country, and informing the Turkish Government and the president of the country about the

policy of Ukraine, not only in regard to bilateral relations, but also regarding the development of the situation as a whole throughout the world. The Embassy of Ukraine will have the task of working on an initiative which, unfortunately, I have not yet mentioned—it is the agreement of the presidents of Ukraine and Turkey to work toward turning the Black Sea into a nuclear-free zone, a zone of peace. This is a great effort, in which not only Ukraine and Turkey, and not only the states of the Black Sea basin are interested, but at the very least two regions—the European and the Asian.

Be mindful of the fact that, for many years, our approach to Turkey (within the framework of the foreign policy of the Soviet Union) was determined by Turkey being the right flank of NATO, by American bases operating there, and by provocations against the USSR being prepared.... I will not say to what degree this was in line with reality at one time. However, everyone in Ukraine understands that at present, this is in line neither with reality nor with common sense. It is time to change this image of Turkey in the minds of our people, as well as the image of Ukraine as a part of the Soviet Union which is armed to the teeth and has a nuclear fist on the Black Sea. We should work on turning these military images into those of good neighbors, friends who will live and solve all existing problems together. We have a very rich history of relations, and everything should be done in order to close the chapter of this history with negative pages, to take everything positive and develop it, and to facilitate peace and good-neighbor relations between our countries. There are solid grounds for this.

ARMENIA

Report From Karabakh on Harvest, Aid For Families of Victims

93US00784 Stepanakert ARTSAKH in Armenian
24 Sep 92 p 1, 3

[Interview, published under the heading "A Day in the Life of a Frontier Village," with Oleg Grigoryan, chairman of the kolkhoz in the village of Sos, by ARTSAKH special correspondent Levon Pashayan; datelined Stepanakert-Machkalashen-Sos, date not given: "We Live on Our Own Land"]

[Text] War is raging, grim and relentless. The situation is tense, especially in the border rayons, where people, together with self-defense detachments, are defending our native lands with their very own lives. The "golden valley" of Amaras is one of those hot points.

It was raining hard as we reached the village of Sos from Machkalashen. We were told that Oleg Grigoryan, the young chairman of the kolkhoz, was on duty that night at the guard post. Our interview took place two hours later.

"Why didn't you wake me up earlier?" Oleg reprimanded his wife Marina when he learned of the purpose of my visit. "We are at war; we must learn to live governed by the laws of wartime."

[Pashayan] How was night duty?

[Grigoryan] Relatively calm. Even though the enemy, positioned on Mount Ghazaz, approximately 1 kilometer from our guard post, was bombarding our positions, Karmir Shuka, and the village of Chartar. The Azenis have recovered a bit, following the bloody battles of 6-7 September. These last few days a concentration of enemy forces has been noticed from our post as well as from neighboring guard posts. We are therefore taking steps to strengthen our defenses.

[Pashayan] Oleg, we were told at headquarters that you yourself had directly participated in the battles which were fought in a place called Duvlu Khut.

[Grigoryan] Correct. That was a true test of maturity for our self-defense fighters. On the morning of 6 September the enemy commenced a mass rocket bombardment of the villages of Machkalashen, Sos, Karmir Shuka and the positions held by the self-defense detachments. Accompanied by armored vehicles, they subsequently mounted an assault on the Duvlu Khut' Heights, where the fighters of the Sos company were positioned. We met the enemy with heavy fire and threw them back from their previous positions, inflicting casualties. Our side suffered no dead or wounded that day. On the morning of 7 September the enemy once again launched a massive assault, with the aim of breaking through our defenses once and for all. The heights were hit with rockets, fired from four Grad launchers simultaneously. After that,

seven enemy tanks attacked our positions, causing heavy damage. Fierce fighting erupted. Running short of ammunition, we were forced briefly to leave our positions and withdraw 150-200 meters. The self-defense detachments from Chartar, Karmir Shuka, Martuni and Herher, which reached us at that critical moment, deployed their forces and mounted a swift counterattack. Our village company commander, Movses Petrosyan, hit a dug-in enemy tank. All the men fought bravely. Tank drivers Artik Avagyan (Herher Company) and Karen Avetisyan and artillery crewmen Borik Mkrtumyan (Sos Company) and Valerik Avanesyan played an important part in that victory. Following the powerful counterstroke by our detachments, the enemy fled in panic, leaving behind on the battlefield dozens of dead and several pieces of equipment. We counted 18 enemy dead just among our defensive positions. We learned from documents and gear found on the dead that on that day soldiers from a Turkish detachment, called the "Gray Wolves," who had previously engaged in battles in Shahumyan and Martakert rayons, had fought against us.

Unfortunately we also suffered casualties that day. Freedom fighters from our village Sergey Sargsyan, Yurik Grigoryan, Armen Kocharyan and Hamlet Gabrielyan died a hero's death in that battle. Their deaths were not in vain.

[Pashayan] What help has the kolkhoz extended to the families of the dead and wounded freedom fighters?

[Grigoryan] That is one of our primary concerns. Each family a member or members of which lost their lives in the last battle has been given 2,000 rubles in monetary assistance, those who were seriously wounded are being given 1,000 rubles, and those who were lightly wounded—500 rubles. In addition to food provisions, each child of a deceased fighter has been assigned a monthly pension payment, and their mothers and wives are provided suitable employment. Humanitarian aid received from Yerevan is distributed mainly to the families of the freedom fighters. We have also taken it upon ourselves to provide members of the company with food and fuel. The inviolability of our borders, the safety of our women and children, and the success of our economic affairs depend in large measure on the determination and unswerving will of our brave freedom fighters. We are gratified by the fact that the ranks of our self-defense fighters, which consist of adult males from our village from the age of 18 to 50, are growing day by day. Despite difficult conditions, we have extended personal assistance to 450 persons in Stepanakert and to our Machkalashen neighbors.

[Pashayan] Are there any panic-stricken people leaving the village in these difficult and critical times?

[Grigoryan] Since the village is being subjected to rocket bombardment practically on a daily basis, since a number of multi-unit dwellings have been reduced to

rubble, and since there are no real guarantees for people's lives, we have removed some women and children from the village in an organized manner. They have found temporary shelter in Kolkhozashen, Msmna, Khachmach, Karmir Gyugh, and in Stepanakert. No villagers, however, have moved beyond the oblast's borders. I myself have sworn to remain here to the end and to defend our lands with my very life. Sos and Machkalashen United Village Council Chairman Lyova Mukanyan and company commander Movses Petrosyan are also in the field in combat positions. In these difficult and fateful times we are striving first and foremost with our own example to inspire people, to strengthen their morale even further.

Each and every one of us must learn from the tragedies of Shahumyan and Martakert. We should not be thrown into panic, which is worse than the enemy.

[Pashayan] It is harvest time, but artillery shells continue to burst and rockets continue to impact within the boundaries of village land. How is the harvest coming along?

[Grigoryan] Even with the thunder of artillery shells and rockets, we simply have no right not to think about our daily bread, about our tomorrow, or to allow kolkhoz activities to drift. The enemy is building his hopes on terrorizing us, on preventing us from working, from producing bread, on strangling us in the grip of hunger, and on forcing us to abandon our homeland. The industrious and patriotic people of Sos, however, have frustrated the enemy's schemes.

With great difficulty we completed 511 hectares of fall planting last year. Of this total, 380 hectares was on the Gevorgavan parcel, 80 hectares in Bijallar, and 50 hectares adjacent to the village. Approximately 1,200-1,500 tonnes of harvested crop was anticipated from Gevorgavan, and 260 tonnes from Bijallar. The Amarasi truck farms also were promising a good harvest. We succeeded, however, only with great difficulty in harvesting the 50 hectares adjacent to the village. The grainfields and haymeadows were mainly harvested at night, at great risk to life and limb, right under the noses of the enemy outposts. Nevertheless, 117 tonnes of grain was brought in. This will satisfy the minimum needs of our people and self-defense detachments for one year: 300 tonnes of grain, 23 tonnes of seed grain, 70 tonnes of hay, 20 tonnes of straw, and 450 tonnes of hay ensilage. This will allow successful overwintering of 400 head of cattle.

Viticulture is the main profit-generating branch of our economy. We were able, however, to cultivate only 40 hectares of the 250 hectares of our vineyards. A good harvest is anticipated, approximately 350-400 tonnes of predominantly table grapes. We have acquired a certain amount of heating fuel from Yerevan. We have already harvested and sold more than 10 tonnes of grapes to the people of Stepanakert. Constant shelling and lack of workforce manpower, however, slow things down.

People are afraid to go into the fields. But we shall definitely bring in the harvest.

[Pashayan] We can definitely say that people have not lost their faith in tomorrow.

[Grigoryan] That's right. Otherwise everything would lose its meaning. Despite extremely difficult conditions, including the shortage of fuel, we have created certain preconditions for next year's harvest as well. We have decided to carry out fall planting on 100 hectares, mainly on land adjacent to the village. With our own reserves we plan to establish corn, alfalfa, chick-pea, and other agricultural crop seed stocks. In addition, in view of the grave situation at a number of farms in the rayon, we have collected 23 tonnes of seed grain, which will be sufficient for the minimum demands of the entire rayon.

[Pashayan] In other words, a battle on two fronts.

[Grigoryan] There is no alternative. It is in this manner alone that we can stand firm on our soil, live, struggle and survive.

[Pashayan] Yes, that is the only way. In spite of the enemy.

When this article was ready for print, we learned that large bands of Azeris had launched a massive attack on the village of Machkalashen. Once again, however, joint forces of the brave freedom fighters and self-defense detachments crushed the enemy, driving them out of our sacred land.

Prospects for Cooperation With Oman Examined

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[Article by Artem Aznauryan: "Oman-Armenia: Prospects for Cooperation"]

[Text] Recently the Sultanate of Oman, one of the Persian Gulf countries, established diplomatic ties with the Republic of Armenia. Many of our readers would probably welcome more comprehensive information about that Arab country, especially since recently the question of direct participation by the Sultanate of Oman in the construction of heavy-capacity highways for transporting fuel in the region has been raised. In connection with our interest in this Arab country, we shall try to offer an encompassing picture of it.

Politically and economically Oman leans toward the West. We can see that, for example, in the fact that although Oman was one of three Arab countries which gave approval to the Camp David Agreement, it did not break ties with Cairo. At the same time Oman is historically linked with the Arab countries of the Persian Gulf and is a member of the GCC [Gulf Cooperation

Council). Muscat has close historical ties with Tehran as well. In the seventies when, in the southern region of Dohar, Oman was fighting separatists who were backed by Southern Yemen, Muscat received direct military assistance from Iran.

During the years of the Iran-Iraq War, Oman was forced to build up its military forces, allocating for that purpose 24 percent of its gross national product in Fiscal Year 1988. Oman now has a small combat-capable army, which on the whole is well-equipped with British weapons and equipment. British officers also serve in its ranks.

Recently the Government of Oman came forth with two substantial economic initiatives which could have far-reaching political consequences. This may also affect Armenia.

First. In its economic policies, Oman decided to place emphasis on the production of natural gas. Oman's Minister of Petroleum and Minerals, Sa'id bin Ahmad al-Shanfari, announced that the government intends to accumulate a supply of natural gas sufficient for 50 years for internal consumption and to implement a 20-year natural-gas production plan estimated at 9 billion dollars. The minister noted his government's willingness to include foreign inputs into that plan. In addition to that, Oman has started negotiations with Iran in connection with the possible development of the coastal regions of Western (Bukha) and (Henjam), since massive reserves of natural gas and gas-fraction liquid hydrocarbons have been discovered there.

Second. A joint project with Kazakhstan, to build an oil pipeline system, which will make it possible to convey oil from the Tengiz oilfield to international markets, has been drawn up. The American Chevron Company, which has signed a comprehensive formal agreement with the Government of Kazakhstan in connection with the above-mentioned oilfield, also joined this project. Eight possible pipeline routes through which oil will reach the Black Sea, the Caspian, or the Persian Gulf, have been planned. These pipelines would also service other oil regions. According to the WALL STREET JOURNAL (22 June 1992), the oil pipeline will probably pass across the territory of the following countries: Russia, Azerbaijan, Georgia, Turkmenistan, Iran and Turkey.

Even though the newspaper article does not mention Armenia, it is obvious that at least one of the eight probable routes could pass through Armenia and—why not?—even through Nagorno-Karabakh.

If we consider in mind the lack of traditional ties between the two countries and the substantial geographic distances involved, it would at least be interesting to know whether establishment of diplomatic relations for closer ties with Armenia was coordinated or even prompted by a third power. If so—and this possibility is not out of the question—then that power might be Iran,

the United States (even Turkey), or Europe. Nor are joint efforts by certain other powers unlikely.

Iran

Taking into consideration that the West and Turkey do not want Central Asian oil and gas to pass through Iran, the latter is probably trying, in counterbalance to the West, to establish another fuel transport route. This would allow Tehran to carry through Iran its own and the other Gulf countries' (Oman's, for example) oil and gas to Russia and the West. Participation in the construction of the Tengiz oil pipeline by Oman, which has close ties with Iran, could lead to one of the branches of the above-mentioned pipeline passing through the territory of Iran toward the Persian Gulf, even linking to Oman, or it could run through Turkey and to the Black Sea.

This will also be advantageous for Kazakhstan. The main line of the oil pipeline (and in the future possibly also a natural-gas pipeline, since the Tengiz field also contains large quantities of natural gas, will probably go through the territory of Russia toward the Black Sea. In the absence of an alternative, Kazakhstan, which in the near future will generate a substantial portion of its income from exporting oil, still remains dependent on Russia. Let us note that the bulk of Iraqi oil being exported runs through a pipeline crossing Turkey, and when Ankara shut it down during the Gulf War, this came as a powerful blow to Baghdad.

If it comes to a point where one of the oil and natural-gas pipelines to Turkey and the West runs through Iran, Iran will then have a similar lever with which to exert influence on them. If the oil pipeline to the Gulf goes through Iran, this would also act as a lever to influence the West. At the same time, following the weakening of Iraq, this would allow Tehran to strengthen its economic and political influence, as well as its leading position in the Gulf. Tehran is already working toward this end. In addition to the above-mentioned negotiations with Oman, Iran also is laying claims to production rights on large reserves of natural gas located south of Qatar, based on an oil development project. Thus Iran would have the possibility to become a country, connecting the region's largest oil and gas fields, on whose territory a major fuel transportation network could be established. This of course would enhance Iran's international prestige and influence.

As regards the political aspect, working through Oman gives Iran the possibility, on the one hand, to mask its long-range plans to spread its influence and, on the other hand, makes it possible for Western companies to cooperate with Iran, at least as intermediaries (especially since there are foreign companies already working in Oman).

The United States

The United States of course is interested in oil—both from Kazakhstan and Baku—safely reaching the sea. Of course the pipeline route could pass through either Iran

or Russia. The third route variation is likely to run via the Caspian Sea, Azerbaijan, Armenia and Nakhichevan to routes terminating at Turkish ports. Here we might raise the question of the Meghri corridor which, if under Azerbaijani control, would seem to ensure the oil pipeline's uninterrupted operation. That supposition is in all probability grounded on the fact that Armenia, which has differences with Turkey and Azerbaijan and enjoys good-neighbor relations with Iran, could, if circumstances were suitable, hinder pipeline activities.

In reflecting upon the first two variations (routes through Russia or Iran), let us endeavor to determine which of the two is more advantageous for the United States.

Evidently it would be preferable for the United States for the pipelines to run through Russia. In that case, however, Russia would acquire a powerful lever to influence the West, Turkey, and Kazakhstan. And this at a time when the United States is doing everything in its power to place Russia in a state of dependence, to drive it out of its traditional sphere of influence. Acting through Europe, Turkey and Japan, it has in fact achieved tangible results.

On the other hand, if the oil and natural gas pipelines cross the territory of Iran, the United States gives the same lever to Iran and, like it or not, strengthens Iran's position in the region. In addition, tense American-Iranian relations make it more difficult for American companies to take advantage of opportunities to work in collaboration with Iran. This is especially true for Chevron and Amoco. Iran has already signed an agreement to build a natural-gas pipeline with Turkmenistan. The route of the future pipeline has not been determined yet. In any case, however, it will run through the territory of Iran.

The oil pipeline to be jointly built by Oman and the American company, in competition with the Iranian project, can serve as a significant counterweight in spreading Iran's influence. If it is been specified that one of the branches of the Turkmen natural-gas pipelines should run through Armenia, Oman in all probability could offer Armenia an alternative plan. It could suggest that an oil pipeline built from Tengiz, or one of its branches, run through Armenia, for example, proceeding toward Turkey. The objective in all probability would be to seek neutralization of Iran's influence, which unquestionably is in the U.S. (and Turkish) interest. The fact that such a proposal could be made by Oman, and not by the U.S. Chevron Company, perhaps seeks to avoid intensifying anti-Turkish (since Turkey is a U.S. ally) and the recently manifested anti-American sentiments in Armenia. This is confirmed by the agreement signed by Azerbaijan, Oman, and Kazakhstan. That may mean that Chevron and Amoco are working together

Europe

In examining Europe's possible role in this issue, one must take into consideration deterioration of European-U.S. relations in recent years. In the first place, one of

the causes of this, following the collapse of the USSR, is the aspirations for a united Europe, whereby Europe could take its special place in the international arena by competing with the United States. The political, economic and military integration of Europe (beyond the boundaries of NATO, that is, without the participation of the United States), its aspiration to play an important role in intergovernmental relations, and certain results achieved by these means, would transform Europe into an influential force equal to the United States.

Naturally Europe does not want to remain uninvolved during the awakening of economic activity spreading across the territory of the former USSR. American companies have moved into the area in the production of oil and natural gas. In order not to fall behind the American economic invasion into the CIS (Kazakhstan), European oil companies have already signed an agreement with Kazakhstan, concerning the development of the oilfield discovered north of Tengiz. There also exist other circumstances, which Europe can utilize to its own benefit.

First of all, we have in mind the traditional economic ties between the USSR and Europe, in which Germany plays an important role. That economic collaboration was manifested by the pipeline running between Russia and Europe. We should note that revenues generated by Russia and by the other CIS countries depend to a considerable extent on the fuel being sent to Europe. Secondly, Europe is taking sequential steps to consolidate in the Near East and, especially, in the Arab countries. Following the collapse of the USSR, the Arabs, with all of their unsolved problems (such as the Palestinian question), continued opposing the United States (and Israel). Naturally they would like that vacuum to be filled by another powerful force, which under present conditions could be Europe. As mentioned above, Europe also opposes the United States on certain issues.

Thus Europe, utilizing its normal relations with Iran and its growing influence on the Arab countries, including the Gulf states, could try to move forward the plan to build oil and natural-gas pipelines in the CIS countries. In so doing it would decrease U.S. and Turkish (membership of which in the European Community is being opposed by the overwhelming majority of European countries) control over oil being transported to the West.

Against this background, Oman's wish to establish relations with Armenia also seems logical. If this assumption is valid, then a pipeline running through Armenia and Iran to the Persian Gulf, in the construction of which Oman would participate, or a possible natural-gas pipeline running through Iran and Armenia to Russian and Europe, would definitely be advantageous for Europe (and, incidentally, for Armenia as well).

Under the circumstances, Russia's attitude toward the various routing schemes is extremely important. Naturally Russia will be interested in having the pipeline run

through its territory. A number of arguments speak in favor of this. First of all, as has already been noted, Russia has a developed pipeline system connecting to Europe. Secondly, the above-mentioned Tengiz oilfield in Kazakhstan and the other oilfield north of it are quite close to Russia and to the pipeline running through its territory. Hence the shortest oil pipeline route to be built from Kazakhstan to the West runs through Russia. Thirdly, Russia has a powerful economic substructure and corresponding personnel to carry out such a plan.

In addition, it is most important to take into consideration the fact that Kazakhstan, whose population is 50-percent Russian, depends greatly on Moscow. And also, both Kazakhstan and Turkmenistan (as well as a number of other republics of the former USSR), being CIS member states and having Russian armies stationed on their territory, cannot ignore Moscow's interests when undertaking measures which happen to be to their benefit. Thus Oman, Western oil companies, and Turkey, when engaging in their activities on the territory of the former USSR, cannot ignore the "Russian factor".

But perhaps one can find plan variations which would be beneficial to all or some of the interested parties. Russia has relations with the United States, with Iran, and with the European countries, each of which demands a specific approach by Moscow.

The United States, being the most powerful nation in the West and possibly in the world, wields great leverage in influencing Russia. For example, Washington's opinion is of determining influence in granting loans to Russia. The United States, while seeking to weaken Russia's influence on neighboring regions, at the same time is endeavoring to avoid destabilization in the CIS countries. Therefore it proceeds from Russia's interests, without impeding the invasion of American capital into its sphere of influence, at the same time to do its utmost to preserve economic independence.

Russia is in greater economic dependence on Europe than on the United States. Clearly it would be more beneficial for Moscow if the construction of the pipelines were undertaken by European companies. Under these circumstances Moscow could take advantage of the economic rivalry and political conflicts which exist between the United States and Europe. This could act as leverage in Moscow's hands to influence Washington.

As regards as the Iranian variation, this might also be acceptable to Russia, since Moscow and Tehran have a joint anti-Turkish (hence anti-American as well) political thrust in the region. Russia, with certain reservations, would agree to the pipeline running not through its own territory but through Armenia, Georgia, or Iran. This of course assumes that Yerevan and Tbilisi remain within its sphere of influence. If this variation is not accepted by Moscow, however, the latter may resort to proven means employed to thwart other such plans. In other words, Moscow may aggravate antagonisms presently existing in the Transcaucasus and, by further destabilizing the

situation, make it impossible to build an oil or natural-gas pipeline through that region.

It is entirely possible that Oman is working on its own, pursuing purely its own interests. In addition to questions relating to transporting fuel, Oman might be interested in Armenia's industrial possibilities. In particular, the point of interest might be an undertaking of joint industrial development projects which would benefit both countries.

Chairman of Lezgin National Movement Interviewed

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[Interview, published under the heading "The World Around Us," with Mukhidin Kakhri-manov, chairman of the governing board of the Sadval Lezgin National Movement, by AZATAMART correspondent Artur Teryan; place and date not given: "Mukhidin Kakhri-manov: 'I Am an Advocate of Political Methods of Resolving All Problems'"]

[Text] The most recent issue of AZATAMART contained a report from the 4th Congress of the Sadval Lezgin National Movement. As was reported, the congress elected Mukhidin Kakhri-manov chairman of the governing board of the Movement. The following is an interview with the newly-elected chairman by our correspondent Artur Teryan.

[Teryan] Just what does Sadval mean? Please tell us about the Lezgin popular movement.

[Kakhri-manov] The Lezgin word Sadval translates as "Unity." We want our homeland to be united, indivisible, and we want the Lezgin people to have the opportunity to undergo extensive revival and revitalization: socioeconomic, political, as well as in the area of national culture. That is what we seek. We have no other aims or objectives.

The Lezgin people are faced with a great many problems. The Lezgin rayons in Southern Dagestan have become transformed into a mere source of raw material for Dagestan. There is no industry, and the standard of living is extremely low. 80 percent of the total unemployed in Dagestan are Lezgins. We are the most unfairly treated people, without our own "national home," suffering a high rate of unemployment, a people without prospects. And as regards the Lezgins residing in Azerbaijan, you are probably aware of the fact that a large portion of the territory of the present-day Azerbaijan is historically Lezgin land. Powerful states existed there in the Middle Ages, which stood against the Arabs, Persians, Turks, and Tatar-Mongols.

Fate has treated the Lezgins quite harshly, and it is quite remarkable that our people has survived as a distinctive ethnic entity on its own land. But the situation of the Lezgins in Azerbaijan is such that they will soon cease

even communicating in their native language. There are no schools in which teaching is conducted in the Lezgin language, there are no newspapers, magazines, or literature in Lezgin, and there is no radio or television programming in Lezgin.

For 74 years now the Azerbaijan authorities have been promising to do something, but they have done nothing. On the contrary, many sons of the Lezgin people have died in prisons and labor camps because they dared speak out against such arbitrary treatment. Beginning with Mir-Dzhafar Bagirov, all "Communist" dictators of Azerbaijan have engaged in the physical annihilation and execution of those who would speak out.

Acts of repression against the Lezgins have recently intensified, with the coming into power of the Popular Front. Lezgin youths are being forcibly taken into military service and are being killed on the battlefronts of the Karabakh. Lezgins are being removed from leadership positions for voicing support of reunification of our people. A comprehensive campaign of terror has been launched, in the full meaning of the word. An Azerbaijan regiment is presently being formed in the community of Kusary in the northern part of Azerbaijan, based on a Russian motorized rifle regiment. This unit is harassing the Lezgins day and night, shooting and killing....

One might ask what the Russian authorities were thinking about when they handed over to Azerbaijan a regiment stationed on Lezgin soil. The residents of the surrounding villages are living in terror day and night. We have just learned that Nizami Suleymanov, a Lezgin, has been removed as chairman of the Kusarskiy Rayon Executive Committee. Lists of Sadval activists have been published in the Kusary rayon newspaper, accompanied by commentary to the effect that they are enemies. Prior to this they had also sought to remove the militia chief of Kusarskiy Rayon, also a Lezgin, but the people voiced strong protest and prevented this from happening.

The Azerbaijanis are conducting themselves in a crude, tactless manner, dealing out insult and destroying human dignity. Azerbaijan's mass media have lost all measure of restraint: they are pouring out all kinds of lies and filth about the Lezgins. There you have what kind of supporters of democracy they have in power there.

Such is the situation in which the 4th Sadval Congress has convened. I must state that, in spite of all this, we have never advocated and shall never advocate a policy of force. We seek to resolve the Lezgin problem—the problem of reunification of our people—by political and diplomatic means. This is the dream of the Lezgins. No supporter of democracy, no national leader, no state has the right to deprive a people of the right to unity in its own homeland. And the Lezgins will not rest until we have resolved this issue.

[Teryan] You mentioned the former Soviet Army motorized rifle regiment in Kusary and stated that it had been reorganized.

[Kakhrimanov] Yes, two Azerbaijani training battalions have been formed, based on this regiment. These battalions, however, are in a state of continuous combat readiness. All the regiment's weapons, ammunition, combat vehicles, artillery, and other equipment and gear have been handed over to Azerbaijan. It is true that Lezgins are also serving in these battalions—officers and warrant officers who are natives of the local area—but they are very few in number.

[Teryan] Is it true that Azerbaijan is pushing efforts on the establishment of a real Russian-Azerbaijani border?

[Kakhrimanov] Yes, it is. Small but well-armed military subunits are to be found in almost every town and village on the Azerbaijan side of the border. Customs stations have been established, at which up to 100 military personnel are permanently stationed. They don't let you cross the border in that direction without a customs inspection. But nobody is checked crossing the border in the other direction. People are welcome to cross over and bring in an unlimited quantity of goods to the Russian market.

[Teryan] What do the Azerbaijani authorities have to say about the buildup of men and equipment along the frontier between Russia and Azerbaijan?

[Kakhrimanov] I have not yet met with any Azerbaijani leaders or military people. We tried to ask the chairman of the Kusarskiy Rayon Executive Committee, but he is afraid to open his mouth. 95 percent of the people in Kusary are Lezgins, that is, it is a rayon containing essentially a single ethnic group. The militia chief is a Lezgin, but they have assigned him three Azerbaijani deputies. They monitor his every word and step. The overwhelming majority of policemen are also Azerbaijani. The public prosecutor is Azerbaijani, and the judge is an Azerbaijani.

In short, an atmosphere has been created in which it has become hazardous to be a Lezgin. Lezgins are not accepted into higher educational institutions, are not given jobs, and are persecuted. For this reason Lezgins change the nationality in their internal passport, becoming "Azerbaijani." They are forced to do this. There are almost a million Lezgins living in Azerbaijan while they number only about 200,000 according to census figures.

[Teryan] Is there a lot of migration of Lezgins from their native localities?

[Kakhrimanov] Yes, the rate of out-migration is not diminishing. Lezgins have scattered throughout the country, and can be found everywhere. During the years of Soviet rule the demographic picture has changed beyond recognition. If you believe the census figures, there has been virtually no growth to the Lezgin population in the northern part of Azerbaijan, while the numbers of Azerbaijani have grown exponentially. The situation is bad, and it is reaching catastrophic proportions.

I am planning in the near future to go to Moscow to have a frank discussion of this issue with the Russian authorities.

An anti-Lezgin ideological campaign of terror has recently been launched in Azerbaijan. We Lezgins are accused of being agents of Russia and Armenia. That is absolutely false. Russia has never taken any interest whatsoever in the Lezgin problem. For them this is a backwater. Nor do we have any ties whatsoever with Armenia. Therefore all these allegations are totally unsubstantiated and patently absurd. For all intents and purposes we must face our problems alone.

[Teryan] In Azerbaijan the media are spreading rumors that the Lezgins have always been inclined toward war. How do you respond to this?

[Kakhrimanov] The Lezgins have never been inclined toward war. Since the time that democratic processes began to spread over the territory of the former USSR, we have sought to resolve our problems solely by peaceful, diplomatic means. In addition, we have neither the manpower nor the resources for a military confrontation. Would it be even conceivable to confront such a republic as Azerbaijan, which is armed to the teeth? After all, that republic has received almost all the arsenals and equipment of the 4th Army of the CIS, including aircraft.

Nevertheless we urgently demand that the Lezgin problem be addressed, and we shall do everything we can to make the Russian public and the world community aware of our problems. We shall act only by political means, bearing in mind that the transportation arteries which link Azerbaijan to the outside world pass across our lands. Water from the border river Samur is transported via two large pipelines across Lezgistan to Azerbaijan's industrial centers.

Thus we have something to say and things we can do. I repeat, however, that we wish only a peaceful resolution to the Lezgin issue. We expect support on the part of the Russian authorities in resolving this issue, and we expect good sense on the part of the Azerbaijani authorities.

I would like to stress that it is becoming increasingly more difficult for us to wait. The people are groaning in the literal sense of the word: the Lezgins are living in poverty and without rights. In addition, the bodies of our young men are being brought back from the Karabakh Front. This cannot go on forever.

[Teryan] Mukhidin Gamidovich, you have been elected chairman of the governing board of the Sadval Lezgin Popular Movement. What are the priority issues you will be addressing?

[Kakhrimanov] We are faced with urgent tasks pertaining to implementation of the resolutions of the 4th Sadval Congress. First of all we shall communicate our decisions to our fellow countrymen, utilizing television, radio, and the print media of Dagestan, Azerbaijan, and

Russia, in order that our issues be resolved in agencies of authority in a lawful manner. We are forming Sadval delegations toward this end. Unfortunately, up to the present time our problems have been dealt with by persons who have no relationship whatsoever to the Lezgin people. This has sometimes resulted in a paradoxical situation: delegations from Dagestan and Azerbaijan, for example, have come together to discuss our problems, and yet both delegations contained Azerbaijani but not one single Lezgin!

In addition, we must form Sadval primary organizations in all villages, as well as committees in cities, towns, and rayon administrative centers in order to train activists for our movement. We must establish communications with the political leaders of the republics of the North Caucasus and with the national democratic organizations of this region. We shall form women's and youth organizations, war and labor veterans committees, and a unified Lezgin Spiritual Directorate.

We must establish ongoing communications with Lezgin societies throughout the country, particularly in Moscow, Saint Petersburg, and in Central Asia. Finally, and this is very important, we shall address matters pertaining to material and technical support, because things in this area are far from ideal. And, lastly, we must organize effective operations by Sadval elected bodies: the governing board and its presidium, so that every individual involved knows his job.

In short, we have plenty of issues to address.

[Teryan] One of the delegates at the congress proposed the establishment of a Supreme Council of Lezgistan....

[Kakhrimanov] The Lezgin National Council [LNC], elected at the 3rd National Congress, does in fact constitute our people's supreme body. The LNC has an executive committee, which performs functions of government. It is very unfortunate that few people are aware of this fact. Nor does Russia's Supreme Soviet know about it. But in Azerbaijan they know about it. Headquarters of the LNC are situated in Kasumkent, and it holds sessions in various places: Derbent, Makhachkala and in rayon administrative centers in Southern Dagestan.

[Teryan] What is more important to you as leader of the Sadval Lezgin National Movement: creation of a Lezgin national focal center, or the reestablishment of a Caucasian Albania?

[Kakhrimanov] In the conditions of present political realities, there can be no return to a Caucasian Albania. We want to have a national focal area as a component of Dagestan. This is both possible and realistically feasible.

In addition, one should not forget that Caucasian Albania included the areas of present-day Karabakh, Baku, and other lands, including Armenian. It was a mighty state. It is unrealistic to dream about a Caucasian

Albania, when we are not even allowed to reunite on lands where the Lezgin population is ethnically predominant

[Teryan] In the corridors at the congress one heard it said that you will become the "Lezgin Dudayev." Would you care to comment?

[Kakhrimanov] I shall not become a "Lezgin Dudayev," but I shall devote my entire energies and all the experience I have gained over the course of many long years of service to ensure that my people's main goal is achieved—reunification. I am an advocate of political methods of resolving all problems, and I shall stay true to this principle. In short, Dudayev is Dudayev, while Kakhrimanov is Kakhrimanov....

[Teryan] Could you tell us something about yourself?

[Kakhrimanov] I was born in 1936, in the village of Ikra, in Kurakhskiy Rayon of Southern Dagestan, to the family of a peasant-mountaineer. I lost my parents when I was a child: my father was executed in 1941, and my mother died of hunger. Becoming an orphan, I was raised by relatives and lived in poverty. I didn't even have shoes to wear to school. I walked to school barefoot along mountain trails and across rivers.

Upon completing my 10-year schooling, I was conscripted into the army. I was stationed in the Belorussian Military District, after which I enrolled in the Ulyanovsk Service School [officer candidate training]. I completed studies at officer school, the Military Political Academy, and in the correspondence faculty of philosophy of the Belorussian State University. I was stationed a total of approximately 23 years in places with harsh climatic conditions.

I served almost 38 years in the Armed Forces. I received a great many decorations, gifts of recognition, and approximately 150 citations. I was discharged with the rank of general in connection with reduction of forces, retaining the right to wear the military uniform, and with a citation for unblemished service in the Armed Forces.

I am married and have three children: two boys and a girl. My older son is a major in the Russian Army, my younger son is an economist employed at Dagestan Gosplan, while my daughter is a fourth-year student in the Law Faculty at DRU [Dagestan Republic University].

AZERBAIJAN

Documents On Cooperation With Russia Signed

93US01394 Baku KHALG GEZETI in Azeri 26 Sep 92
p 1

[Article by E. Huseyngyzy: "Russia-Azerbaijan: New Horizons In Cooperation"]

[Text] An Azerbaijan government delegation headed by first deputy Prime Minister Abbas Abbasov was in

Moscow between 21-24 September. Authorized experts completed work in a short period of time on drafts of bilateral agreements between Russia and Azerbaijan on trade-economic cooperation, monetary-credit relations and trade policy. Now each side has initialed all copies and these are now ready for the signatures of the republic leaders.

At the request of the Azerinform correspondent, Abbas Abbasov explained the results of the business meeting:

"Under conditions in which economic relations between the republics of the former USSR have been destroyed and integration processes have weakened, it is impossible to live and work without establishing horizontal ties. The government of Azerbaijan gives great importance to the establishing of such ties with Russia, which is our most important trade and economic partner. I would also say that Russia's leadership has approached this issue with great care. I am glad to announce that our republic was among the first to complete the work of preparing intergovernmental agreements with Russia. The leaders of Russia's ministries and chief administrations are satisfied that we have approached issues of mutual interest operationally and at a professional level. At the instructions of Y. Gaydarov, who is acting chairman of the government of the Russian Federation, the Russian Ministry of Foreign Affairs has informed the Azerbaijan Ministry of Foreign Affairs that Yegor Timurovich is prepared to come to Baku for a working meeting on 30 September. The intergovernmental agreements initialed in Moscow will be signed during this trip. In the response by the Minister of Foreign Affairs of the Azerbaijan Republic, the government's readiness to receive the head of Russia's government was confirmed.

I am sure that the signing of these agreements will be a very important foundation for profitable economic cooperation between our sovereign states, which have been connected by hospitable friendship over many centuries.

Pashazade On Recent, Upcoming Travels

93US01395 Baku KHALG GEZETI in Azeri 26 Sep 92
p 1

[Interview with Sheykhulislam Allahshukur Pashazade chairman of the Administration for Caucasian Muslims, by Mikayyl Kerimli: "The Goal Is Achieving Peace In The Caucasus"]

[Text] Sheykhulislam Hajji Allahshukur Pashazade chairman of the Administration for Caucasian Muslims, has returned again from the Chechen Republic. He talked to the Azerinform correspondent about the objective of his trip.

[Pashazade] We, the Caucasian clergy, hope to strengthen the most important wish of our people, peace

in the Caucasus. With this goal, we considered it important to unite our efforts and established the High Religious Council of the peoples of the Caucasus. The regular meeting of the council was in the Chechen Republic. Our main goal is to lay the foundation for a "Caucasian home" where security reigns and to invite the peoples living in our ancient homeland to fraternity and cooperation. The clergy, using their influence and experience, will be able to remove feelings of hostility against each other from the consciousness of men.

I noted in my speech that it is necessary to create even closer ties with international Muslim organizations. I also reported to participants in the meeting about the merciless war in Azerbaijan, especially in Upper Karabakh and the border regions, which has continued almost five years through the fault of Armenia. I mentioned that Azerbaijan, at the cost of great sacrifices and deprivations, is opposing Armenian aggression in a worthy manner. The arrogant enemy does not conceal its hatred for all Muslims, is destroying the peaceful population in territories it has taken, is laying waste to our holy places, and even our mosques, which are considered to be the house of Allah, are falling victim to the wild actions of the enemy.

[Kirimli] According to what we have heard, you expect to travel to Sri Lanka soon?

[Pashazade] Yes, I will take part in a regular conference of the Islamic Conference Organization which is to be held in Sri Lanka. I am a member of the executive committee of this conference. I will also speak at the meeting in which the religious leaders of all the Muslim states will take part. I will give information on the sociopolitical situation in the Azerbaijan Republic which has newly gained independence and on the continuing war in the mountainous part of Karabakh. Aside from this, I will communicate to all the world's Muslims the basic truth about the just affairs, wishes and difficulties of the Caucasian Muslims.

Iranian Ambassador To Baku On Trade Cooperation

93US0139C Baku KHALG GEZETI in Azeri 29 Sep 92 p. 2

[Interview with Eliesger Nehavendian, Iranian Ambassador to Azerbaijan, by Rafiq Savalan: "Iran Is Ready For Any Kind Of Cooperation"]

[Text] The result of the talks conducted by the delegation led by Azerbaijan's Minister of Foreign Affairs, T. Gasymov, with Iran's leaders in Tehran recently were positive and "fruitful." The fact that Iran's leaders will consider all our wishes in the agreements it will sign with Azerbaijan and have made known that they are ready to make all kinds of concessions to Azerbaijan, which has set out on the road of independent development, proves that some rumors connected with Iran's relationship to the Karabakh conflict are only rumors.

Our colleague met with and interviewed Mr. Eliesgher Nehavendian, ambassador of the Islamic Republic of Iran, in Baku.

[Savalan] Mr. Nehavendian, what could you say about the importance of the treaties concluded between our two countries up until now and about the agreements which will be signed soon?

[Nehavendian] In the name of Allah, the compassionate and merciful. Our holy Koran commands that believers be brothers to one another. We view Azerbaijan as a brother country; as for the Azeris, they are a fraternal people. Thus, we are trying to widen friendly neighborly relations between our countries. Your Minister of Foreign Affairs, T. Gasymov, has met and talked with our president, Hashimi Rafsanjani, during his trip to Iran. During this visit our president stated quite openly that we will agree with whatever you want. We have placed no limitations on your wishes in the sector of broadening mutual relations. Everything depends on you, and you should not be concerned about the rest. And if the all-round cooperation between our countries has not risen to the desired level now, this is not our fault. The Islamic Republic of Iran is completely prepared to broaden political, economic, scientific-technical and cultural cooperation with the Azerbaijan Republic at the desired level.

Soon an international conference connected with the Caspian Sea will be held in Tehran. Representatives from Azerbaijan, Russia, Turkmenistan and Kazakhstan will participate in the conference. We are trying to broaden the all-round cooperation of the Caspian Sea countries and unite efforts against the pollution of the sea and resolve other problems. We believe that the cooperation of the sea countries in this sector will be very profitable.

I am sure you know that Iran, Turkey and Pakistan got together and established the ICO [Islamic Conference Organization]. Last year, through the efforts of Iran, Azerbaijan and some other republics of the former USSR were accepted into this organization. In this sector it can be said that the broadening of cooperation is only in the interests of all members of the organization. Azerbaijan's acceptance into the Islamic Conference Organization was also through Iran's efforts. You will see clearly in the near future the effectiveness of cooperation in this organization. If Allah wishes, Iran and Azerbaijan will fight shoulder to shoulder as brothers to mobilize peace, security and peaceful cooperation on the face of the earth in the UN and other international organizations.

I am sure that the agreements that will be signed between our countries, due to agreements reached during your Foreign Affairs talks in Tehran, will interest you. I call your attention to the fact that the first meeting of the joint Iran-Azerbaijan Commission for Economic and Cultural Cooperation will meet in Baku soon. According to prognoses worked out by both your and our experts

there is much room for the multifaceted cooperation of our countries. In a short time a large delegation, including, one can say, the deputies of all Iran's ministers and headed by our Minister of Cooperatives, will come to Azerbaijan's capital to conduct talks and lay the foundations for our future all-round cooperation.

[Savalan] Mr. Ambassador, one of the major problems disturbing the people of Azerbaijan is that the Nakhichevan Autonomous Republic has been blockaded by Armenia. It is true that for some time Iran and Turkey have been supplying Nakhichevan with as much food, fuel and electricity as possible. But this is still not solving the problem. During the Iran trip of our Minister of Foreign Affairs a primary agreement was reached on building a railroad line which will unite Azerbaijan with the Nakhichevan Autonomous Republic and cross over approximately 40 kilometers of Iran's territory. Can we believe that this agreement will be confirmed in a bilateral treaty in the near future and that construction of the railroad line will commence immediately?

[Nehavendian] Our president Rafsanjani has ordered Iran's ministers to make it possible to meet the requirements of the Nakhichevan Autonomous Republic and Azerbaijan immediately. We have also decided to supply Nakhichevan with 40 megawatts of energy and completely meet the gas needs of the Autonomous Republic. With this objective we will bring in a high-tension electrical line as a powerful gas pipeline. Coming to the extension of the railroad, immediately after signing the concrete agreement connected with this question, the Iranian side will place no obstacles before starting the work. You can be sure of this.

[Savalan] It is an unspoken truth that although the peoples of neighboring countries know a great deal about each other, this can only help in widening friendly relations even further. The establishment of positive conditions for the population to cross the borders between our two countries over the last two years has been very well executed. Tens of thousands of people have attained the possibility to see friends and relatives for whom they have longed for years and whose names they have heard but whose faces they have never seen. I, myself, am one of them. But when I was in Tehran in June, in the course of conversations with men I met on the street I became convinced that many of them were uninformed about the events occurring in Azerbaijan. Is this merely a shortage of information? And, in your opinion, is it not time to prevent this shortage?

[Nehavendian] The role of the mass media in the general development of the modern world and in broadening all-round relations between states is irreplaceable. It is unfortunate that not enough attention has been devoted to this question in the Muslim world. Now the most powerful and influential organs of the mass media on the face of the earth are in the hands of the Zionists. It is natural that they only attempt to spread information that serves their own global interests. The channels of mass information trying to spread hostile ideas about the

Muslim danger for the entire planet and create an idea of hostility about them are also organs serving the Zionists. But although they are well aware of these words of our Prophet Muhammed, they have not communicated it to the world public: "The Muslim should be a person who brings comfort to others through his hands and his heart." That is to say, the nature of Islam is trying to mobilize peace throughout the world, and spread freedom over the earth. They are preventing the people of the world from understanding the sacred, benevolent content of our religion. They are not even allowing Muslims themselves to understand this. Our mass media must actively strengthen their own activity in this sector.

Coming to the lack of sufficient information of Iran's population about events occurring in Azerbaijan, in my opinion, this is not true. Readers of newspapers published in Iran in both Azeri and Persian, as well as television viewers and radio listeners, are regularly acquainted with events occurring in your country. You simply do not have enough information about this. Journalists have to strengthen relations with their colleagues in Iran. I am sure that the newly established information center in our embassy will play a definite role in this.

Now benevolent societies have been established in almost all the cities in Iran with the goal of providing help to Azerbaijan, Karabakh and Nakhichevan and they have done considerable work. This fact itself proves that they know everything about Azerbaijan in Iran and have not remained indifferent to the difficulties your people confront.

[Savalan] Diplomatic relations at the ambassadorial level are being established between our countries. The day when the embassy of the Azerbaijan Republic in Tehran and our consulate in Tebriz open is not far off.

What measures are being taken for locating Azerbaijan's diplomatic administrations? We know that the property where the embassy of the former USSR, and now Russia's, is located occupies almost a whole block on one of the most beautiful streets in Tehran. Will such amenable, or at least roughly equivalent, conditions be created for the Azerbaijan Republic?

[Nehavendian] Certainly. We promised that all conditions and comforts will be created in Iran for Azerbaijan's embassy, consulate and other diplomatic representations. You will be sure of this when your missions start to work.

[Savalan] Can we hope that after our embassy and consulate start operating we will be permitted to travel back and forth without a visa?

[Nehavendian] Six months ago we proposed to your Minister of Foreign Affairs that travel between our countries could be started without a visa. They answered that they were not ready for this yet. I am sure that it is

connected with the fact that new passports for Azerbaijan's citizens were not yet prepared. When your government's leaders are ready for this, we will pose no obstacles.

[Savalan] Despite the fact that Iran has just emerged from a difficult war, we know that Iran is a strong country economically. With all this, the broadening of ties with Azerbaijan cannot do any harm to Iran's economic potential. You know that Azerbaijan has rich experience in the mastery of underwater oil beds and drilling deep wells in the sea. Can you not profit from this experience?

[Nehavendian] Your experience is truly rich. But in my opinion, we cannot use an experience which has led to turning a rare body of water like the Caspian into a filthy puddle. The experience of our oilmen who are engaged in mastering the beds in the Persian Gulf is an example for many in the world. England turned to us, along with a number of the largest oil companies in the world, for help in mastering the oil beds in the North Sea. Our oilmen drilled a number of wells there. And one can say from the ecological point of view that these wells are harmless.

Another fact. Our specialists proved that technology they had prepared was the most effective in extinguishing the fire in Kuwait's oil resources. We put out a fire that the Americans could not put out in a month. As a result, the Americans were compelled to proceed at our pace and the fire in Kuwait's oil fields was put out not in three years, as they had planned, but in less than a year. As you see, Iran's oilmen have rich experience not only in the mastery of beds on dry land but also in the sea, in preventing oil fires which have turned into a problem in the whole world, and in removing waste and oil pollutants from both land and sea, and also a modern technology which has been tested often. I am sure that our specialists will discuss this at the Tehran conference on the Caspian Sea.

[Savalan] Mr. Nehavendian, I am sure you have heard that the Azerbaijan oil company has conducted talks with a number of foreign companies, including companies in America and England, about mastering the Caspian oil resources. In your opinion, would Iran's companies agree to more profitable conditions for us in cooperating in this sector?

[Nehavendian] I said at the beginning of the conversation that the Iranian side is ready for any kind of cooperation with the young, independent Azerbaijan state. We are waiting for suggestions. The rest of the questions are only technical. As for our specialists, they are known to all business circles of the world for the ability to solve technical questions quickly and at a far remove from all bureaucracy.

Roundtable Debates Delay In Economic Reform

93US0139D Baku KHALG GEZETI in Azeri 29 Sep 92
p 3

[Roundtable Discussion reported by Elipenah Bayramov: "Why Is The Economic Reform Stalled?"]

[Text] Until recently the concept of an economic crisis to a modern generation which opened its eyes to the world under false ideas of a wealth of material benefits seemed completely alien and foreign. They are becoming accustomed to this phrase being repeated more and more often. And the basic nature of the economic crisis and its end results causes serious agitation among specialists. One cannot forget that the success of a state lacking economic power is very difficult in other sectors. In other words, today, everything depends on an economic revival. Thus reforms conducted during the transition to market relations have to convey an experimental character as in the past, but, by taking national characteristics into consideration, they must be conducted at the level of world standards.

The crisis into which our economy has fallen today has reached such a point that every mistaken step resembles chopping at the roots of a tree from a branch of which a man is hanging over a precipice. As for the mistakes and the disturbance caused by these mistakes, there are many of them. This disturbance compelled a group of workers from the Azerbaijan State Economics Institute—Dr. of Economic Sciences and Professor Khanhuseyn Kazymov, candidate in economic science Fikret Yusifov, Vugar Eliyev, Selim Muslumov, Firsend Gurbanov and the student Ehtiram Eliyev to come to the newspaper offices and communicate to the readers their suggestions of emerging from the republic's economic crisis.

[Bayramov] It is known that the transition to market relations in the republic is proceeding too slowly. In your opinion, what are the basic obstacles impeding this process?

[Kazymov] In my opinion, the major reasons for the decline of the national economy is the fact that the economic reforms are not based on a well-thought-out scientific program and the interference of an uncompleted economic policy in our work. The hegemony of the state monopoly in economic and social structures, the fact that a steady market infrastructure has not been formed, and the inconsequentiality of the complex of measures being implemented do not give the necessary forward movement to the economy.

[Yusifov] Preventing a deepening of the crisis created in the economy and laying the correct foundation for the transition to market relations are the most important duties of today's economic thought. All reforms whose foundations were laid incorrectly and lacked strength have resulted in failure. Thus, when working out the fundamentals of the transition to market relations in the economy, we have to use some rules which have been tried out in global experience and have turned into

objective truth. If we are thinking of conducting ever newer economic experiments, the chances of escaping the economic crisis are very slight.

In my opinion, small production and service industries must be founded as the first step with the goal of emerging from the crisis in the economy, for guaranteeing financial health and for correctly laying the foundations for market relations. When implementing this measure the process of limiting the participation of capable people could be delayed. If this occurs, the crisis will deepen. If we wish a revival in the national economy and the elimination of the crisis, we would not question men who have the possibility to buy the necessary institutions. If there is no free ownership, free production and free competition, there is no use talking about abundance of goods, economic revival or financial health.

[Bayramov] Privatizing small industry and service sectors is, in fact, the primary condition for economic revival. Although this process is unofficial in our republic, it has already begun. But no real result has been felt.

[Eliyev] You are right; although the law on destatification and privatization has not yet been passed, the process of transferring state property into private hands has taken on a large scope in the last years, and nomenclatura has created business. Certain individuals, making use of positions they held, have emerged as owners of state property without making any capital investment. Nothing from this kind of "privatization" has been transferred into the state budget, and economic and social conditions have significantly worsened. Private capital has been essentially concentrated in the exchange, that is, the trade sector, and production institutions have remained state property. Such a situation has created conditions for "businessmen" who have appeared to buy goods from state institutions cheaply in one way or another to create artificial shortages and then sell these goods at high prices.

You say that no real result of unofficial privatization is being felt. The drop in production and increase in goods shortages are its real result. Recently the president issued an order on the commercialization of trade institutions. But the execution of this order is very difficult in specific cases. But this work can be successfully resolved within the complex of the privatization of small industry and the formation of free ownership.

And how must destatification be implemented? They consider the issuing of stocks by institutions the basic factor in the implementation of this work. Some specialists are proposing stocksharing plans among the worker personnel. But is doing this really possible? As we know, a definite percentage (dividend) must be paid per share and the amount of this must be higher than the percentage one would receive in a savings account. The fact is that sums paid by an institution which has not received one penny from the sale of stock from its own

profits in the form of high dividends could lead to its bankruptcy (especially under conditions of the present tax system).

An important condition when carrying out privatization is to prepare people for this process psychologically and to not destroy their faith.

[Muslumov] One cannot pass over this problem in silence because the success of the economic reforms we conduct will depend on preliminary information. The question is about creating an accurate and detailed information system which will reflect the republic's economy.

Today the economic information system in Azerbaijan is in terrible shape. The discussion, of course, is not only about the technology of this system. Technological guarantees will reach the necessary level with time and money. The major issue is rules on the construction and activity of the system. Changes occurring in the economy have definitively not touched on aspects noted by the information system. Urgent measures have to be taken to resolve the shortage of correct economic information.

[Kazymov] All of us are mentioning the need for speeding up privatization. This is natural. But we have to consider that the violation of consequentiality in resolving the problem can give poor results. At the beginning it is rather important to inventory the property holdings and record it in the balance of the institution with new market prices. Undoubtedly, this will demand that state registers of all institution and enterprise units be arranged. Only then can determining the stages of privatizing property groups be profitable, both from the point of view of the state interest and of social justice.

In my opinion, privatization must be conducted on a scientific basis and by selecting the best from world experience. This means, returning the people's property to them and a new division of national resources. Thus, we have to approach this work with a great sense of responsibility.

[Bayramov] As a result of the imperial policy which had been advanced for so many years a massive structure was created in our economy. Today the need for changing this structure has emerged. A great deal of money is needed for this. In what to you see the way out?

[Eliyev] Undoubtedly a structural change is needed. But as you noted, it requires a great deal of investment. These measures can be carried out through the state budget, foreign credits and private capital. Now the possibilities of the state budget are significantly limited. Overreliance on foreign credits could put the young state of Azerbaijan in a situation of economic and political dependence, as in some countries of the Near East.

Among the directions with the most potential, is doing this work with private capital investment. The state must pay special attention to attracting foreign and domestic

capital investment. Amortization and the tax system hold a special place among the various principles of influencing investment policy. By changing the amount of taxes, making tax concessions and extending or reducing amortization periods, the state will determine the most profitable sectors for capital investment and, finally, succeed in developing the economy in the directions it needs. In the period following the Second World War, states like the USA, Germany and France acquired good experience in this sector.

[Yusifov] I am in complete agreement with the opinions expressed in connection with the privatization process. But implementation of them will require the existence of normal distribution relations. The Law passed in November of last year by the National Council "On Taxes from Certain Kinds of Profits and Incomes of Legal Persons in the Azerbaijan Republic" definitely does not correspond to present requirements. This law is essentially directed at plundering the profits of institutions and deepening the anarchy which exists in monetary distribution relations. Taking taxes, "value-added taxes", "indirect taxes" or taxes by any other name from the profits on the earnings of an institution which wishes to revitalize itself or build up its activity at international standards means its bankruptcy. The law must be applied at definite stages, and conditions have to be created for the development of institutions. At first, lower taxes, and then after stability has been created in the economy, taxes at the normal level must be applied. And finally, taxes in accordance with international norms can be taken.

[Bayramov] Would not the taking of lower taxes worsen the already severe state of the republic budget?

[Gurbanov] The income part of the budget is directly dependent on the correctness of tax policy. It must be noted that the tax system must be active, detailed, scientific and simple during the transition period. As for existing tax laws, it unites these elements within it. I completely agree with Fikret's idea that the tax laws have to be reworked and that the interests of not only the state, but also the institutions and organizations must be protected. If an old psychology is directed at everything the institutions possesses, the institution will go into bankruptcy and the well will dry up.

[Eliyev] In general, a stereotype has been formed recently that if the budget was short, then one had to reduce expenditures and increase income. Thus, every kind of shortcoming in the use of budget expenses was laid at the feet of the budget shortfall.

The basic goal of every state's budgetary policy is eliminating inflation and unemployment. But applying the market mechanism to the economy can also increase the budgetary shortfall. This has been the experience of the USA, France, Japan and other developed countries.

On the other hand, depending on the state of development of the economy, a deficit budget policy is furthered in some states. As a result of this policy, a lagging behind

of the economy is eliminated by means of increasing state expenditures and reducing taxes. If, on the other hand, inflation occurs, state expenditures are reduced and taxes are increased. From this point of view, the creation of a state structure which conducts an all-round macroeconomic analysis in order to promote a flexible economic policy (budget, credit, etc.) is needed. This requires excellent information feedback.

In order to eliminate the budget deficit, making important changes in making its income portion equal to its expenditure portion is necessary. The reduction of budgetary expenditures in our republic in recent months and basically reducing or halting the activity of budgetary organizations is being accounted for. Under present conditions, this can increase social tension. The way out is the complete renewal of the system of financing budget organizations.

[Gurbanov] One of the important problems in budget policy is eliminating the budgetary deficit. In world experience, this is done in two ways: by means of an issue, in other words, increasing the money in circulation, or by selling bonds to the population. By applying the second variant one can partially eliminate the budget deficit. At this point we would note that under wartime conditions a high budget deficit is unavoidable. In order to prevent this process a step by step program must be worked out.

The views of the participants in the dialogue show once again that the slowdown in the economic regulation sector is deepening the crisis in the republic further. One of the basic reasons for this slowdown is the lack of a transition program to a market economy from a conceptual viewpoint. We have to determine a precise direction before anything else: are we moving toward some kind of market relations, toward a market economy which accepts complete openness in the economy, or, if not, toward a market economy which takes certain limitations into consideration? For many, the answer to this question is not clear.

The other basic reason for the crisis is the lack of specialists to work out economic regulations. Our scholars who can create longlasting economic laws and do so at the necessary level are few in number. Thus an organization must be established which can unite working groups in connection with this important question. When such an organization is formed specialists in various sectors must be drawn into it, and must be actively mobilized in both creating laws and creating economic stability.

Agreement On Cooperation With Petersburg Signed

93US0139E Baku KHALG GEZETI in Azeri 30 Sep 9, p 3

[Unsigned article: "Agreement Is Signed"]

[Text] As has been reported, an Azerbaijan government delegation headed by Abbas Abbasov, first deputy prime minister of the republic, has come to St. Petersburg. In Smolny were the signing ceremonies for the agreement on principles of economic, scientific-technical and cultural cooperation for 1993 between the government of the Azerbaijan Republic and St. Petersburg. The agreement determines the size of mutual shipments of goods, and plans various forms of cooperation between institutions and organizations of both sides, including the establishment of joint institutions and the implementation of joint programs and projects. Both sides have made commitments for the development of direct ties among scientific organizations for the conducting of research work, for the training and advanced training of cadres at higher schools and scientific centers, and for broadening cultural ties between the Azerbaijan Republic and St. Petersburg. A. Abbasov, head of the delegation from Azerbaijan, spoke at the signing ceremonies and expressed his thanks to the Petersburg leadership for the sincere reception and the skill and business-like manner they demonstrated in the preparation of the agreement.

The mayor of St. Petersburg, Anatoliy Sobchak, said that the signing of such an important agreement was a genuine embodiment of the goal of establishing mutually profitable cooperation by both sides.

During a conversation between A. Sobchak and Polad Bulbuloghlu, a member of the delegation and the republic's Minister of Culture, some preliminary measures in the sector of cultural cooperation were discussed, including the setting of a time for erecting a Nizami monument in St. Petersburg; in addition, the question of allocating funds necessary for the restoration of the Jame Mosque, which is well known throughout Europe, was reviewed.

In the near future, trade missions will be opened in Baku and St. Petersburg and agreements on transportation and the use of harbors in the Caspian and Baltic will be signed.

Impediments To Azeri Becoming State Language Reviewed

93US0139F Baku KHALG GEZETI in Azeri 2 Oct 92 p. 4

[Interview with Elimukhtar Aghayev, French teacher at the Azerbaijan State Pedagogical Languages Institute, by Iahir Aydynoghlu: "We Used To Weep When We Said 'Language'..."]

[Text] Our regular reader, Elimukhtar Aghayev, recently came to our offices. He expressed his disturbance in connection with the state of our mother tongue. In consideration of the timeliness of the conversation, we switched on the tape recorder. Our interviewee, who is a French teacher at the Azerbaijan State Pedagogical Languages Institute, wanted us to present his views as a reader's opinion.

[Aydynoghlu] Has the restoration of our national statehood increased the value of the mother tongue and its official status? Is the historical opportunity being used? After all, until recently we used to weep when we said "language."

[Aghayev] Since our national statehood was restored, we have to say that the status of the language has increased. But it has to hold its own worthy place in our life, its true value. It is true, until recently we used to cry when we said "language" but nothing was done about it. High level meetings, as a rule, were conducted in Russian. Some people taught their children in Russian because the doors were closed to a person who did not know this language. Now, thankfully, everyone from the president to the worker speaks Azeri in official circles.

[Aydynoghlu] If earlier the use of words from other languages in speaking and writing occurred in an exaggerated manner, now another unpleasant situation is observed.

[Aghayev] Until recently we thought speaking Russian, the ability to use Russian words, was literacy. Because of this our own language suffered. There is no need to hide the fact that sometimes our respected intelligentsia is making an effort to use Turkish loan words when speaking. We love our Turkish brothers but must not forget that we are Azeris. Our language is Azeri, which is one of the Turkic languages. After all, why are we using the Turkish words for "now," "absolutely," "respected," "mister," "eat," "bad," "very good," or "ministry" instead of our own words? Does everyone know the meaning of these words?

Recently we have also come across European words in the press. The word "speaker" is used quite often. In its source language this word means "leader of the House of Commons," "speaker," and "moderator." They are using this same word in the meanings "chief" and "chairman." Would it not be better if everyone used a word they understood instead of "speaker"?

And why do we have to use words like "constructive," "conflict," "erudition" and "alibi" when we have respectable equivalents in our language? One has to use a loan word when there is no equivalent in one's own language. In one of the last issues of your newspaper the word "benefis" is used. After all, a newspaper is not only for widely informed people.

It strikes me that your newspaper, which performed an incomparable service in the development of the Azeri literary language for many years, should remain faithful to its own tradition. It is another question whether one could get by by only using words from the mother tongue. There is no pure language in this sense. But one has to use words from other languages only when it is necessary.

[Aydynoghlu] In the years when we were seriously disturbed about the fate of our language the newspapers and magazines and other printed products were viewed as a

book of experimental orthographical rules. Is the periodical press still a guardian of the language today?

[Aghayev] To deny the role of KHALG GEZETI (formerly KOMMUNIST) in the formation and maturation of the Azeri literary language would be an injustice at least. If I am not mistaken, a dissertation on the language of this newspaper has even been defended. Earlier, this question was also approached seriously by other newspapers. Now man is horrified. It is as if newspapers have entered a race to violate literary language norms. As their number increases, their seriousness decreases.

[Aydynoghlu] Are there not positive processes occurring in the language and style of the press?

[Aghayev] Undoubtedly. One has to consider the fact that the literary language is broadly based on the spoken language as a positive situation. Here one cannot forget that the speech of certain individuals is not the language of the people. In this respect a great responsibility falls on the shoulders of workers in the press. In the final analysis, they are the guardians of the written language.

[Aydynoghlu] In order to protect and enrich our language in a worthy manner, should one work from top to bottom, or vice versa?

[Aghayev] Protecting the language is one concern and enriching it another. Although our language was subjected to influences for one reason or another during the Soviet period, we cannot consider this a good thing. Within the modern Turkic languages, Azeri is perhaps the purest, the least subjected to foreign language influence. When you read the periodical press in Ottoman Turkish, you come across many lexical units peculiar to French. Coming to the question of defending and enriching the language, measures taken from top to bottom are the most appropriate. Language is protected by law from the top. Below that, all of us, especially the press, are its guardians.

If the president, the prime minister and other leaders are not concerned for the language, there can be no talk of its purity and development. Our intellectuals are at fault in the deterioration of the language. In Finland, no matter what one's specialty, all intellectuals stand guard over the Finnish language. If any newspaper or magazine violates language norms or uses an unnecessary loan word, war is declared on it and urgent measures are taken.

[Aydynoghlu] What positive or negative results will the change of our alphabet have on the language?

[Aghayev] This is a very difficult question. Only to mention the economic damage, one can say that at an impoverished time for our republic this will reach millions. All typewriters, stamps, forms, documents, etc., will have to be changed. I am not only talking about printing presses. In general, changing the alphabet will be very expensive both from the material and spiritual viewpoint.

What a worker said to me recently is good: "You literate people are really confusing us. Is it really the time to change the alphabet?" Last month a folklore scholar came from Tabriz and said: "I do not know what happened to you. You are changing the alphabet in one day. We learned your alphabet, we read and write it. Now it comes out that we have to learn it again." Consider that at one time I expressed a positive attitude to changing the alphabet in the press. Now I regret it.

[Aydynoghlu] Can one consider indifference to the language or arbitrary action on the language a spiritual crime?

[Aghayev] Unquestionably.

[Aydynoghlu] Now another question. We are citizens of an independent state. Has the need to know one or two foreign languages increased?

[Aghayev] We are forming direct ties with foreign countries. I would have to say that knowing foreign languages is absolutely essential. They did not say unjustifiably that the more languages you know, the better off you are. Now most of us know a foreign language—Russian. This is very little. It is also quite necessary for us to know the languages of Western Europe and the East.

In conclusion I want to say to journalists, who have an honorable and demanding profession, that the purity of our language depends a great deal on you. Our language is our wealth. Keeping our language pure and enriching it gives our people life. As for the press, it is the mirror of our language.

Azeri Women Create Bad Image Abroad

93US0139G Baku EDEBIYYAT GEZETI in Azeri
11 Sep 92 p 8

[Article by Mehriban Rzayeva: "I Could Not Write..."]

[Text] "A constant flow of tourists is very good for the country, but before everything, their travels should be moral. If Russian women, or women of any other nationality, come to Turkey, our country or other countries to perform immoral acts for money, we are all obligated to take steps against this because raising our generations moral and with a sense of values is among our most important duties."

These words are taken from an interview called "Tourism Is Very Good, Provided the Tourist Is Moral" given by Rehim Huseynov, Azerbaijan's Minister of Health to the ZAMAN newspaper correspondent, O. Onder, on 20 July 1992. Although the discussion in the article is about women of Russian or other nationalities, it also applies to us. Recently the number of us going abroad in the name of travel has increased. There is a war going on in our territory, our Fatherland is living through hard days and our finest sons and daughters are perishing at the front. Yet even in these difficult times there are those living only for themselves. Perhaps their ears are deaf

and their eyes are blind. You hear that so and so has just returned from abroad, bought a lot and did not bring anything back. A month and a half hardly goes by, his fatigue has hardly left him and this same person travels somewhere once again.

Who are they who are doing all the buying and selling and travelling abroad so often? Are they specialists engaged in this work in order to lighten the daily life of our people, trying to pull our economy out of its serious condition? Certainly not!

Salespeople, cashiers, speculators working nowhere, even housewives... In brief, various professional or artistic people working in various administrations and institutions, cooperatives, companies, associations... If you take a good look, if you were to be among them, you would find even some superficial "intellectuals."

You could say that the people's life is hard, that they should try everything in order to make a living for themselves. When was it ever considered bad to trade for goods? Even our prophet was a tradesman. And I agree with you! But whatever man does, he should do in a worthy manner. Not by belittling himself or the people! Let me say one thing: those who live poorly are not travelling abroad because the salary a person living a hard life receives barely stretches to buy food. There are now more than ten thousand people with a passport for foreign travel and the expenses to cover the trip. As the speculators say, you have to buy more so you use up the travel money. It has to be at least 30-40 thousand [rubles]. Most people do not even receive a salary of ten thousand. Despite this the number of those going abroad is not dropping and all of them find the money!

Let me also say that 6-7 years ago traveling abroad was difficult. Collecting the documents, the medical examination, permission from work, etc. The person traveling abroad had a sense of responsibility, whether he wanted it or not. Before traveling, instructions and advice on conducting oneself in a foreign country were given and they were constantly told that wherever they were, they should not forget the honor and values of the people. We called this red tape and abolished it. Now the way abroad is open to all. Everybody with the money can travel anywhere in the world. And this, essentially, is not bad. Travel opens a person's eyes and enriches him spiritually. They say a person who reads a lot does not know much but the person who travels a lot knows a lot. But now you ask eight or nine of our "travellers," more correctly, speculators, who were abroad: "Did you see anything in the country where you were which excited you, any of their views, monuments, works of art?", they look into you eyes and shrug their shoulders. Because they saw nothing from the planes and buses, the noisy markets and their own accountings in their head, save their own parcels and suitcases. As for this type of speculator, he is only half the sorrow.

What is worse is that the majority of those traveling abroad in order to speculate are women. And most of

them, I would say, have a limited world view and impoverished minds. Those understanding nothing of the economies, political-cultural development, taste or ways of thought of the people, or the habits of those countries to which they went. Let us speak frankly. Let us recognize that speculation is not women's work! A woman is a delicate, sensitive creature. What does a woman traveling from city to city with one or ten suitcases, spending nights on buses in search of money, who is sometimes unable to wash up, walking around in filth, fatigue in her face, who is carrying something in her hand to sell in the market, think of herself? After all, every woman who respects herself must understand that speculation breaks down a woman's values, impoverishes and belittles her, kills her delicacy and sensitivity. A woman who stands in strange cities, in the market among strange people, trying to sell whatever is in her hand—a doll, rug, nuts, gold, shoes—and does not find a buyer and loses her head because she is out of time, and then stops off in strange bars, restaurants or stores, approaches someone and says "I will sell it cheap," her pride and sense of self have fallen to zero; if she belittles herself in the name of the junk she will buy, for that woman sensitivity, beauty, virtue or education is worthless. She not only denigrates herself, she has not only disgraced herself, but also the people she represents.

I have heard what kind of games our speculators, especially our women, play in countries like Turkey, Iran, Poland, etc. But what one hears is not accurate. Our forefathers said: "It is better to see it once than to hear it a hundred times." That is why I will talk about some adventures of our women which I saw with my own eyes in a European country whose name I will not mention.

There were 24 people in a group coming from Baku, of which only three were men. The rest were women, aged between 25 and 50. Among them you could count the intellectuals on your fingers. There were those who were steady, virtuous, who listened and with lively eyes. But there were also not a few who were loud, talked like men, calculating, in short, those who were uncontrolled. They wore thick belts and house dresses, and were bent over from the weight of the baggage they were carrying. They were talking loudly and using bad language (perhaps they were joking among themselves). They were the center of attention when they arrived at the airport. Other travelers, local people, looked at them with antipathy and then turned away. Some thought they were gypsies and wondered where they had come from. Then they said "Turks. From Azerbaijan." I am sure that they saw all the Turks from Azerbaijan as these. As representatives of Azerbaijan, they made one ashamed.

Although they went a long distance on their "journeys," they did not want expensive, comfortable buses. It had to be cheap. They avoided hotels. They ate what they had packed in bags in the bus in unsanitary conditions and slept there to keep expenses down. So that customs officials would allow them into the countries to which they went, they were ready to collect money and hand it out in large sums so that their baggage and luggage would

not be searched. And in their luggage there were foods, industrial goods and jewelry in scarce supply in Azerbaijan itself but which were not to be found outside the hands of these petty speculators. As soon as their vehicle approached, the customs officials, seeing they came from Azerbaijan, waved them through without difficulty or even glancing at their documents. It seems many of ours passed through here. Thus, they recognize them from a distance.

They were doing business in the market, in the vehicle in which they travelled, on the street and wherever they went. Their faces grew old from tension, fatigue and sleeplessness, and their voices hoarse. But as soon as they saw they had sold anything at any price, they were revived. We recognize that this trading was not easy for them. They held hands to their heads and shook their fists. Sometimes they did not give the right change. The most sorrowful is that they even came into conflict with each other. Business was the only thing. It appears that everything was unimportant to them save business. I am sure that when the opportunity presented itself they accepted every degrading offer. Finally, you would see the "hotel" where they agreed to spend the night. A dog would not sleep there. It is not a guest house, it is a stable. It was impossible to go inside because of the smell. The gypsy who owned the hotel was not brave enough to conduct them inside. "Mister, this is not for you," he said to the group leader. "Nearby is a good five-dollar hotel." But they stay there anyway because it is here that they can do business with people coming from out of town. The mustachioed gypsy's eyes are wide. He asked where they came from and then shrugs his shoulders as if he did not believe his ears. Here there is no water with which to wash. There are also not enough beds. The women stretch out and sleep without sheets next to each other.

I would also say sorrowfully that these women who attract attention due to their unsteady movements often strike the eye on streets and in stores, and are easily picked out in a crowd. Whether because of ignorance or indifference, they easily come into contact with speculators and cheap crooks who make money in various ways in the city, and with thieves, and they boast about this.

In brief, in these difficult, dark days for the Fatherland and the people, you cannot find words to say to these speculators who are making us known in foreign countries.

Azerbaijan's women have always been characterized everywhere through their pride, delicacy and womanly qualities. Their voice as political, social, and cultural workers, artists, journalists, scholars, etc., has come from every part of the world. Our intellectual women have always been at the center of attention in the countries and cities to which they traveled by their culture and training. This I have seen myself often. We take pride in our female scholars, writers, artists and politicians. Now the creation of the high opinion of which we are worthy about ourselves and our people in foreign countries is

one of the important questions of the day. After all, we are an independent state with our own image, voice and opinion. The world must become acquainted with us as we are—as a state whose people are steadfast and with a self-sufficient territory, whose soil is bountiful. People representing such a state must be drawn to the people and the territory. The people of Azerbaijan must appear as proud, unbending and brave as the martyrs who gave their lives for Azerbaijan's soil.

When our women a hundred years ago lived in houses adorned with carpets and hung with kilims, dressed in silks and expensive finery, wore precious stones and gold and whose men treated them like queens, the women of the most developed countries of the world envied them. Why has it turned out so badly now? Where are those fathers, brothers, husbands who passed their lives with such perseverance? Now they are sending out their daughters, sisters and wives to trade for shirts, coats, videocameras and tape recorders. A few months ago a decree of the Islamic Republic of Iran issued a decree forbidding women to come to its territory as tourists if their husbands, brothers or fathers objected, was this not a shame for us? Although we Northern Azeris do not lag in any way behind the Southerners in education, world-view or way of thought, is it appropriate that a neighbor state pass such a decree about our women? In other words, perhaps we ourselves made a mistake. Thus, to prevent such shortcomings, travellers going not only to Iran but to all foreign countries should be searched by our own police and customs workers. Whoever it is—man, woman—their workplace and personal data should be determined. Goods they are taking to sell, especially antiques, should be confiscated so that an end be put to this greed for gaining money and property in this way.

We hope that the relevant organizations will consider our thoughts, take steps, and play a more important role in the education of future generations. Enough with our being branded as speculators in the world. Let free Azerbaijan become known for its thought, intelligence, science, knowledge, originality of thought and the strength of its martyrs.

GEORGIA

Europe To Asia Transport Route Viewed

914403114 Moscow GL'DOK in Russian 3 Nov 92 p 2

[Interview with Irakli Zhordaniya, Georgia's minister of science and technology and academician, by S. Babayan, GL'DOK correspondent, date and place not given: "From Europe to Asia"]

[Text] Tbilisi—The establishment of a very large main-line connecting Europe with Asia through Georgia is at the center of the European Parliament's attention. The republic's specialists and scientists have submitted a program for implementing this idea to the European Parliament for discussion and financing.

Our correspondent talks with Irakli Zhordaniya, Georgia's minister of science and technology and academician, about this.

[Babayan] What are the main avenues in this program?

[Zhordaniya] We are talking about both rail and motor vehicle routes, airlines, telecommunications, communications systems.

According to this program, all freight, which "comes down" the Danube to the Black Sea, will move onward over Georgia's territory and, then, to Afghanistan, China, India, Japan, and other countries. Thus, this mainline will replace the route, which vessels travel on the Black Sea, through the Suez Canal and bypass all Africa and Asia—this is approximately eight days of travel. The draft proposed by our ministry will permit the movement time of freight to be reduced by six-eight days. You see, this is an enormous savings in assets and a big advantage.

[Babayan] Does much still remain to be completed and altered or are we now already talking about the idea's realization?

[Zhordaniya] According to the assertion of specialists and experts, the quality of the work is sufficiently high

but the construction time has still not been firmed up. Everything depends on the political situation in the republic. If everything goes well, assets will be found and the project will be financed, it is possible to think that the ice has begun to break. You see, one must perform an enormous amount of work in advance—geological, geodesic, etc.

There are firms who are aspiring to sign contracts. For example, Italian specialists have already expressed a readiness to participate in implementing the plan.

Concerning the use of already existing routes, far from them, of course, will be suitable for operations under the new conditions of intensive freight flows. The construction of a new tunnel is required and it will be necessary to straighten out railroad and motor vehicle routes so that there will exist an opportunity for high-speed movement by trains and vehicles. It is necessary to proceed from European standards. Our specialists have thoroughly studied the possibilities for straightening routes and the advisability of their being positioned in one place or another. Georgia is a republic with little land and each square inch of land here is naturally worth its weight in gold. Thus, the work has been done scrupulously and every "pro" and "con" has been weighed.

ESTONIA

Central Bank Board Opposes Raising Minimum Pay

93UN0304E Tallinn ARIPAEV in Estonian 22 Sep 92
p 3

[Statement issued by the Board of Bank of Estonia: "Appeal of the Bank of Estonia Board to the People, the Government and the Trade Unions of Estonia"]

[Text] On September 18, only two days before the State Assembly elections, the government issued a decree on raising minimum pay to 300 kroons a month, which caused many other disbursements out of the state budget to go up. We are of the opinion that minimum pay needs to be increased, indeed, and even to significantly more than 300 kroons a month, but before such decisions can be made, a source should be found to cover the amount necessary for that purpose.

To carry out the resolution of the government would take 104 million kroons to the end of this year alone. The budget for the second half of this year, however, has only allocated 80 million kroons to raise wages and support payments.

Thus, the promise to raise minimum pay is to a large extent (a total of 24 million kroons) uncovered, not to mention the fact that, due to the worsening of economic conditions, we cannot even rely on collecting the 80 million kroons previously allocated for that purpose.

The Board of the Bank of Estonia is pointing out the danger of making monetary promises that have no backing. This will upset the balance of the budget, create new tensions that accelerate inflation, and damage the international reputation of the kroon, on which depend foreign economic aid, the flow of foreign capital into Estonia and much else. The government has charged the ministries of finance and economic affairs to come up with the needed amounts within one (!) week. If that were realistic, those sources should have been found first, and the appropriate decision made not on September 18, but on September 25. In the present situation, such a step would, above all, increase the danger of bankruptcies and unemployment. When production decreases and wages are increased, price increases will accelerate and inflation get worse. Also in danger will be the Estonian kroon, as maintaining its present value is considered by the Bank of Estonia board to be a significant advantage for securing the stability and future growth of our economy.

We are appealing to the people, the trade unions and the government of Estonia with a suggestion to weigh their demands and decisions. For the time being, all energies should be focused on lowering prices, curbing expenses, and thereby raising the standard of living. Money emitted without a realistic backing in trade, represents a danger to all of us, because an increase in wages will be

followed immediately by an increase in prices, and the standard of living will go down further.

The State Assembly to be installed soon, and the new government will inevitably have to start making important decisions without delay. This is especially important in view of the international monetary crisis erupted recently. Let's refrain for now from making any populist decisions that are harmful to all of us.

We appeal to the committee on monetary reform, suggesting that they convene to discuss the situation and to exercise their mandate to protect the stability of our monetary system and the economy, thus protecting the interests of our people as a whole.

The Board of the Bank of Estonia September 19, 1992

Commentary on the Bank of Estonia Appeal

A Complete Surprise to Trade Unions

Raivo Paavo, chairman of the Central Alliance of Estonian Trade Unions, told BNS that the appeal from the Bank of Estonia board came as a complete surprise to him. At Friday's government session, where the pay increase was discussed, no mention was made of possible difficulties in coming up with the necessary funds.

Finance Ministry Promised to Cover Expenses

Agu Lellep, head of the Finance Ministry's budget department, told BNS that the government made the decision without determining where the money for the pay increase was supposed to come from. According to calculations done by the Ministry of Labor, it will take 104 million kroons to raise minimum pay to 300 kroons, while the budget only has 80 million in available funds.

The Finance Ministry was given one week to come up with the necessary funds. Lellep hopes that this increase in expenses will be offset by larger-than-expected proceeds into the social security fund and several economy measures.

Report: Forest Sales Below Predictions

93UN0306A Tallinn ARIPAEV in Estonian 3 Oct 92
p 4

[Summary of report by Andres Talijarvi, executive director of the Forestry Office: "From Forest Sales, 32.1 Million Kroons"]

[Text] At the Wednesday session of the government, a presentation was made on the sales of growing forest and proceeds derived from it. Andres Talijarvi, executive director of the Forestry Office, submitted a report on this to the government, from which the following figures were obtained.

This year's sales of planned cuttings, at prices in effect before April 1, amounted to 1 million cubic meters. This brought in 12.7 million kroons.

At prices in effect after April 1, 0.6 million cubic meters of planned cuttings were sold, 0.2 million of which were returned by timber suppliers for lack of market and cutting capacity. The 0.6 million cubic meters should bring in 72.6 million kroons by the end of the year, 52.5 million of it by September 15. The actual proceeds, as of September 1, were 19.4 million kroons or 37 percent of the projections.

The Forestry Office attributes the lack of proceeds from stump money to timber suppliers' inability to pay, which stems from market changes, and also to poor operation of banks (money does not get transferred in time). The Forestry Office also admits that the previously used methods of collecting stump money (suspending cutting, repossessing lots) have not been successful. This is why the 1993 sales of cutting lots will be restricted to only those buyers who have cleared their previous indebtedness.

Forest Auctions

Forest auctions have been held since May of 1992. At these auctions, 0.2 million cubic meters of timber have been sold at a total value of 24.2 million kroons, 3 million kroons of which are to be collected during 1992.

Interest in forest auctions has been meager up until now. The Forestry Office explains this as follows:

- the principal timber suppliers (Eesti Metsatööstus [Estonian Forest Industry] and state enterprise Eesti Riigimetsad [Estonia's State Forests] have already secured most of their cutting lots for 1992;
- timber suppliers are in financial difficulties;
- auction sales have consisted basically of cutting lots not in use during previous years, causing hauling to be difficult;
- the assortment of the timber sold did not meet the requirements of the market;
- the cutting capacity of new timber supply firms is small;
- Estonia's timber market is unstable.

Debtors

The timber operations of Eesti Riigimetsad have unpaid bills totalling over 11 million kroons, 5 million of it stump money. At the same time, customers of Eesti Riigimetsad owe the company 16 million kroons. Some of the biggest debtors here are enterprises of Eesti Metsatööstus including Tallinna Paber [Tallinn Paper], Kehra Paber [Kehra Paper], and the Püssi Puitplaaditehas [the Plywood Factory at Püssi], who owe close to 12 million kroons.

LATVIA

Future of Military Plants in Doubt

93UN0350A Riga DIYENA in Russian 15 Oct 92
pp 1, 8

[Article by Zintars Medenis: "People in Military Plants Want To Hear the Opinions of Latvian Supreme Council Deputies"]

[Text] Riga, 8 October—State and commercial structures would like to own the 17 military plants in Latvia with their top-quality technical equipment. Complications in the talks with Russia on the liquidation of Russian military potential in Latvia have precluded the elaboration of a single plan for the use of the military plants.

The chief of the bureau supervising the withdrawal of the armed forces of the Russian Federation, I. Upmalis, believes that the absence of precise plans for these military plants is not only upsetting the workers, but is also complicating the operations of state structures, because "no one is eager to take the initiative in what might be described as a political issue" for fear that the initiators of concrete action might become the targets of a witch hunt in the event of changes in policy. V. Ratins, a spokesman for the Latvian Republic Ministry of Industry and Energy, had this to say about the situation: "The workers of these military plants will be unemployed soon." Members of the Commission on Industry of the Latvian Republic Supreme Council have taken the following position: "When reports have been submitted on the situation in the military plants, we will make our decision."

This summer the Latvian Republic Ministry of Defense expressed a wish to take over eight of the plants, but this plan was officially rejected after the ministry was accused of military communism. Chief P. Jakobson of the Supply and Armament Administration of the Ministry of Defense told the DIYENA correspondent, and then added: "I, like many other commanders, still believe that if Latvia should ever want to acquire heavy military equipment for its defensive forces, producing it here would be extremely difficult and buying it abroad would cost too much money."

"Various structures, including Mafia groups, are now striving to acquire title to military installations. The top-quality equipment in the plants would soon be embezzled or used for secondary purposes." One of the main opponents of the Defense Ministry, republic Minister of State J. Dinevics, had this to say: "Your point of view is the typical military-industrial point of view of the USSR. State requisition is the best option."

Upmalis believes that the most sensible plan under these conditions would be the conversion of these plants into joint ventures owned by Latvia, Russia, and Western investors. In this case the Latvian side would be the owner of the real estate, which would be taken over by

the government, Russia would be the owner of the movable property, and the foreign firms would invest the financial capital the other two partners are lacking. Upmalis said that the managers of these plants would gladly agree to this option in order to save their enterprises from bankruptcy.

The bureau supervising the withdrawal of the Russian armed forces is empowered to veto the sale of the products of military plants outside Latvia because they are not recorded in the register of Latvian enterprises.

The managers of military plants are looking for partners abroad. There is one plan, for example, to convert the military plant on Matis Street in Riga into the Russo-Balt closed joint-stock company. The shareholders would be representatives of Russia, the Latvian Republic Ministry of Agriculture, and Artonne Ltd., a London firm. This military plant produces all-terrain vehicles, which could be quite useful, for example, in logging operations. Each one costs 200,000 rubles.

The English want certain guarantees, however. They have suggested the privatization of the plant, but, as I. Upmalis said, the Council of Ministers cannot make any decisions of this kind until the legislators have stated their views on the matter with regard to military plants.

According to the present procedure, a military plant cannot be privatized until it has been entered on the list of facilities to be privatized by the Latvian Republic Council of Ministers.

The director of the military plant in question, V. Lisovoy, informed DIYENA that the plan to establish the joint-stock company has Moscow's approval. "As for the Latvian officials, we have not had any disagreements with them, and they also support us," Lisovoy said. When the director of the military plant was asked about the prospects of the Russo-Balt company, his response was reassuring: "We have established a good relationship with partners in Russia. We will get the raw materials we need."

Minister on Government Agricultural Policy

93UN0345A Riga LAUKU AVIZE in Latvian 9 Oct 92
p 4

["Excerpt from a Speech Given by D. Gegers, Minister of Agriculture, to the Supreme Council"]

[Text] The main problem in privatization is that the provision of financial, and as a consequence, material resources, i.e. start-up capital, lags paralyzingly behind the tempo of individual farm development. The Bank of Latvia is offering short-term loans, in insufficient amounts, and at high percentage rates, which are unacceptable to the farmers. In addition, it is unable to help them with long-term loans, and practically speaking, it is not fulfilling the resolutions passed by the Supreme Council in this matter.

A partial solution to the problem, which does not involve the banks, is the creation of the "Agroinvest" fund (the amount of credit provided for individual farms is around 150 million rubles), the Latvian farmers' self-assistance seed fund and seed security fund of the firm "Seed" (in total, for this year, 51 thousand tons of seeds have been loaned to farmers), the firm "Agrolizing" (which has already provided "Sampo" brandname grain combines and "Mepu" grain dryers), and others, thus involving foreign resources in the financial support of the farmers.

In order to completely resolve the problem, it is necessary to make radical changes in the Bank of Latvia's loan policy regarding individual farmers. This can also be facilitated by legislators, who could define credit policy priorities, and guarantee the stability of the project to offer loans to farmers, using the national budgetary account, and thus, at the same time, guarantee parliamentary protection of the farmers. Such a situation exists in almost every agricultural country. Only in this manner will the state be able to partially compensate for the reduction in the resources allotted for individual farm development which, in comparison with 1984 prices, have been reduced by more than two-fold—from 2.1 thousand per individual farm in 1990 to 0.8 thousand for this year, or based on 1 hectare of land, it is five-fold.

Also the preparers and processors of agricultural products cannot be satisfied with the present loan policy. For instance, in the past, credit was given for about 90% of the value of the grain purchased for state needs, while this year, it is only about 20%. This perceptibly reduces the ability to purchase our own grain, the supply of which is still being maintained by the producers, themselves—the farmers. This has also led the government to hold emergency meetings, to look for and find a way out of a situation which did not exist in the past.

The only consequences that could be called catastrophic, with the lack of available credit and with vegetable wholesalers not buying up the quantities of vegetables and potatoes needed for winter consumption in Riga and other large cities, are those which could occur in providing the residents with these products. And also the producers, in their turn, cannot provide them with their own produce at the most opportune time, and receive immediate compensation for this.

The disorganized system of payments among the producers of the products, processors and sellers, whose normal functioning could not even be regulated by the Bank of Latvia, was further destabilized this year by the economic activities of the new farmers. Only through emergency measures by the government, has it been possible, at present, to reduce the overdue debt by two-fold, in comparison with the physical situation on June 1. In 90

of the cases of debt, the debt payments are overdue by less than three weeks, while in June, there were massive cases where the debt was overdue by more than two

months. Likewise, those in charge of processing enterprises with large overdue debts were called in for disciplinary accountability.

In order to facilitate solving the problems of this injured financial branch, to create new sources of credit available for speeding up privatization, the Ministry is preparing the requisite documents for the creation of the Agrobank structure in the state, and for the renewal of activity by the Latvian Land and Mortgage Bank. While doing this, we are taking into consideration the seasonal character of agricultural activities, as well as foreign experience. In European practice, the structure of this type of bank is its instrument for guaranteeing the effective realization of investment policies in agriculture.

In today's difficult national financial situation, it would also be useful to consider the proposal on loans of material as one way to help farmers, for example, by providing them with the possibility to prepare materials in the state forest, according to volume and order, as defined by the state.

There is a problem that needs to be solved in the national economy overall, and that deeply affects agriculture—the need to change the production structure in the state. The essence of the problem is sharply evident at this time.

The production prices in industries requiring the use of energy sources are increasing so rapidly that the products produced are becoming increasingly more difficult to sell, while the volume of production is shrinking. Industrial workers cannot receive the wages they are entitled to, and their purchasing power is declining, including their ability to buy food items.

This is forcing farmers to sell their goods for prices below cost, and to also reduce their volume of production.

If the legislators and the government are not able to quickly and very radically resolve this problem, Latvia's agriculture, based on national trust and a great hope for the future, will be pushed down by its shoulders, even before it has had the opportunity to stand up. And that would also be a catastrophe for Latvia, in terms of survival as an independent nation.

The quantity of produce from animal and vegetable farming, with the exception of grain, is sufficient for the consumption needs of the nation's residents, and is within the means of their purchasing power.

In order to produce enough animal products to meet the minimal food basket requirements, and not destroy the breeding stock, an additional 700 thousand tons of grain for animal feed is needed from abroad. The mechanisms to obtain this are present, but the producer must be able to pay for it.

The agrarian reform initiatives carried out have resulted in favorable changes in national economic independence with respect to the structure and extent of sowing and

planting in plant cultivation farming, particularly for grain crops, potatoes, and sugar beets, as well as in the number of domestic animals and birds, with respect to public and residential farms. For instance, in the first half of this year, alone, the number of animals in individual farms increased by 2.3 to 2.9 times.

In comparison with the results for the first half of last year, the level of agricultural production this year (in 1983 comparative prices) was: for Latvia—89%, for Lithuania—74%, and for Estonia—75%, and the figures are, respectively, for milk—90%, 80% and 79%, for meat—89%, 86%, and 72%, and for eggs—92%, 82%, and 76%.

This comparison of indicators can respond to those opponents who see the reason for the reduction in the volume of production, in their view, as simply related to the excessively swift tempo of agrarian reform in Latvia. It is notably slower for our neighbors.

Land reform, included under agrarian reform, has facilitated formation of about 50 thousand individual farms and 94 thousand homestead farms, with an average land size of 16.2 and 4.3 hectares, respectively. In the spring of 1993, private entrepreneurs will be tending about 40% of the land available for agricultural purposes.

It is expected that the division of property from statutory association farms will take place swiftly, ending with the fall farming chores, similar to what happened last winter when the cooperatives and soviet farms were transformed into statutory associations.

Therefore, it is desirable to regulate, through legislative procedures, the utilization of divided property, according to its importance, for a given period of time (at least 2-3 years). The right to determine this period of time should be given to the district agricultural departments (administration) or self-managing bodies, at the same time, also defining their responsibilities. The respective proposals have been submitted to the legislators.

Along with bills for the development of privatization in processing and service enterprises, preparatory work is being done to facilitate the rapid privatization of these enterprises, once the laws are passed.

In 1991, the Republic of Latvia was accepted in the United Nations Food and Agricultural Organization. Latvian farmers are represented by 5 international professional organizations.

The state functions in the area of external economic relations are being handled by the administration of the Economic Ministry and the Foreign Relations Service, in cooperation with the state enterprises "LATA", "LAGAP", and "LEARS".

In addition, 94 branches of enterprises and organizations are involved with import and export operations, which

can take advantage of consulting with qualified specialists from the above-mentioned state enterprises in the creation and development of cooperative activities with foreign partners.

Likewise, 48 perspective projects for cooperative activities and the formation of joint ventures with foreign firms are in various stages of research, development and selection, without which it would be inconceivable to prepare for the production of export products and for the processing enterprises of foreign investments.

The Ministry of Agriculture has been granted four foreign loans, which have been guaranteed by the administration of the Republic of Latvia.

REGIONAL AFFAIRS

Illicit Military Property Trade Increasing Problem in Baltics

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in Russian 20 Nov 92 p 2

[Article by I. Chernyak, special correspondent: "Are Stripes Alone No Longer Enough?"]

[Text] **The trade in military property has acquired incredible proportions in the Baltic zone. There is the danger that the army will be stripped to the bone before it can be withdrawn.**

After President Boris Yeltsin of the Russian Federation announced the suspension of the withdrawal of the Northwestern group of forces on 29 October, relations between Russia and the Baltic countries were highly strained. The numerous commentaries on this topic somehow avoided mention of the Government of Russia, which was at least a contributing factor, if not the principal cause, of the present conflict.

I will remind you that Yeltsin issued this order soon after the Third Coast Guard Division of the Baltic Fleet, which was stationed in Lithuania, refused en masse to move to its new duty location. The officers and warrant officers said they would stay in Klaipeda until each one had been guaranteed an apartment in Kaliningrad Oblast. This was obviously a dangerous precedent: Mass insubordination in an extremely battleworthy branch of the Russian Armed Forces would have raised questions about the feasibility of several of the foreign policy agreements Russia had concluded and about the government's ability to keep the situation under control.

It was no coincidence that the Ministry of Defense used every means at its disposal to avoid focusing attention on the problem in Klaipeda. "What a mess! And just when everything seemed to be going so well," one of the top officials of the military establishment commented, off the record.

We can sympathize with him. Back on 25 May, after a meeting with Audrius Butkevicius, Lithuania's regional

security minister, Pavel Grachev signed an order by which the Russian Ministry of Defense, represented by the Klaipeda division, turned two torpedo boats, two small antisubmarine ships, a hydrographic boat, and various other types of property over to the Lithuanian military. In exchange, Lithuania promised to build 2,572 apartments for officers and warrant officers in Kaliningrad, where the division was supposed to go. A contract was signed with the Selma Association, and the first building was to be completed next May. Everything was going well, the traditional toasts were drunk in recognition of the mutually beneficial agreement, and by the end of the ceremony the generals and the Lithuanian deputy minister of foreign affairs had reached a complete understanding on the most acute political problems. When the Lithuanians came to get the promised ships on 30 September, however, they were turned away at the gate. In the interim, the Russian Government had passed a decree, in a display of vigilance, granting the right to sell military equipment abroad only to the Spetsvneshtekhnika foreign economic concern. Pursuant to this decision, Vice Premier Georgiy Khizha personally forbade the Klaipeda sailors to turn the ships over to the Lithuanians.

We can only guess what Spetsvneshtekhnika did to deserve this honor. I can only say that many staffers of the lucky concern, including Vice President Kuznetsov, were arrested for bribery of extraordinary proportions soon after the decree had been published. People in the Russian Federation Ministry of Security recall that Spetsvneshtekhnika did not have the reputation of an honest partner even before that time: Criminal proceedings had been instituted against some staffers of this concern, then under a different name, back in the middle of the 1980s. Many generals, admirals, and officers from the Ministry of Defense had to go to prison then.

In any case, we can understand why the Russian Government did this: It had resolved to fight an uncompromising struggle against corruption, including corruption in the army. Of course, the results were somewhat unexpected: The division rebelled, radical nationalists acquired much more influence in the Baltic zone, and the conflict between Russia and the Baltic countries became so acute that its effects could even be felt in the West.

In general, the efforts of the government and the Ministry of Defense to keep the military out of commerce are reminiscent of Don Quixote's joust with the windmills. In the first place, at a time when even government officials on all levels are striving for personal gain, any officer might wonder why he cannot do the same. In the second place, what else can the officers do when their future is so uncertain, when they and their families might be standing on a desolate plain somewhere in Siberia tomorrow, and when their salary of 7,000 rubles in Latvia, for example, is equivalent to only 3,000 after it has been exchanged for local currency? Shaposhnikov and Grachev could issue ten orders prohibiting commerce in the army and threatening every punishment

imaginable, but the situation is unlikely to change in the near future. After all, the procuracy does not have the manpower to take action against each officer and warrant officer. Of course, I might be accused of exaggerating. People might say that there have been rumors of isolated cases, but these violations have not become that common. What can I say? Judge for yourselves. Even the extremely circumspect I. Shapran, chief financial auditor in the Main Administration for the Military Budget and the Financing of International Relations of the Russian Federation, recently had to admit: "Losses, shortages, and thefts of military property, equipment, and weapons have displayed a tendency toward growth in 1992. The failure of troop commanders to keep the situation under control has created many opportunities for abuses and for outright avarice at the expense of the army and the state."

This is the official point of view. Opinions have been expressed more sternly on the unofficial level. Members of the Coordinating Council of the Assemblies of Officers of the Baltic Zone, for example, believe that "the pilfering of military property in the Baltic countries has become excessive" and that "billions of rubles are disappearing into shadow structures." Here is another example: The results of a recent inspection of the Baltic Fleet horrified the investigators—theft was rife, the officers were using any excuse to make money, and the army was obviously demoralized. An air transport regiment of the Baltic Fleet was engaged in illegal commercial operations under the supervision of the regimental commander. The head of the firm serving as the middleman in these operations was the former chief of a

special section, and his subordinates included the former chief navigation officer of the fleet's air force and chief of the air force command post. On the rear services artillery supply base of the Tallinn brigade, tax- and duty-free fuel and lubricants were being delivered to commercial entities in Estonia under the supervision of the commanding officer. The commanding officer of the guards division of missile patrol boats of the Tallinn Garrison, the commander of the base support unit, and the chief of the fuel depot were involved in illegal sales of up to 10-15 tonnes of diesel fuel each month. Within a year the sailors of the once respected Baltic Fleet had managed to make millions of rubles on the sale of over 10,000 tonnes of fuel. They are selling items made of copper, ship propellers and anchors, brass shell cases by the ton, air tanks, and God knows what else. Illegal permits and forged documents are being circulated. Even according to official data, hundreds of officers of the fleet are engaged in commercial operations. The military procuracy is in dire straits: Each investigator has to work on 10-15 cases simultaneously. There is little hope of help from Moscow: For some reason, military investigators have shown a preference for audits of the Western group of forces, in Germany, and simply will not leave.

Predictably, after Boris Yeltsin announced the suspension of troop withdrawals, the Baltic governments imposed harsher restrictions on the military. As a result, in spite of all of the prohibitions, officers and warrant officers continued to sell all types of property. Realizing that this is a case in which the drowning man will have to save himself, the humiliated army has had to go into this "savage" business.

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